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ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

OPSBA
POSITION PAPER #3

OPSBA's PROPOSALS FOR A NEW EDUCATION FUNDING SYSTEM

- **Submission to the Fair Tax Commission Property Tax Working Group**
- **Submission to the Ministry of Education's Finance Reform Project**

September, 1992

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Ontario Public School Boards' Association

The Ontario Public School Boards' Association represents over 90 public boards of education from all regions of the province, serving over 1,700,000 students and adult learners. OPSBA speaks for public school trustees to the government, the public and the media.

ACKNOWLEDGEMENTS

This report was prepared by the Policy Committee with the advice of the Technical Advisory Committee.

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OPSBA'S PROPOSALS FOR A NEW EDUCATION FUNDING SYSTEM

EXECUTIVE SUMMARY

OPSBA has prepared a two-part report on education finance. Part I is the Association's comments on the revenue source for education and property taxation and assessment issues to be submitted to the Fair Tax Commission, Property Tax Working Group. Part II contains OPSBA's proposals for a new education funding system to be forwarded to the Ministry of Education's Finance Reform Project. The report also contains recommendations on issues under review by the Steering Committee on Provincial-Local Relations (Disentanglement) and will also be forwarded to the Ministry of Municipal Affairs.

The report proposes a package of education finance and governance reforms. It has become increasingly apparent to public school boards that if there is to be a resolution of some of the long-standing education finance issues that longer-term reform and change to the way we deliver education will be necessary.

Part I: The Revenue Base for Education

OPSBA supports an education system funded by both provincial grants and property taxes. Education is a provincial-school board partnership that requires joint funding. OPSBA has concluded that we must design a finance system that:

- preserves local autonomy and accountability
- promotes equality of educational opportunity, and
- ensures equity in local taxation.

As well the goals of equalization and equity could be enhanced if:

- there was recognition and clarification of the "mandate" of school boards
- there was an accurate costing and "adequate" funding of education

Therefore OPSBA has concluded that first the provincial government must reallocate its resources and increase its support to education.

In addition, there must be a clarification of responsibilities and tax sources for social and health support to education.

School boards must do their part and promote a program of amalgamation and confederation of school boards on a case by case basis, to increase the economic viability of local boards. Consolidation is needed to enhance local tax bases and to realize cost-savings to education through more cost effective structures.

OPSBA does not support the provincial government assuming any portion of the local property tax base and redistributing the funds for education and other public services.

OPSBA supports assessment reform to ensure a common and consistent local tax base for resource equalization and grant distribution purposes.

The provincial government through the Fair Tax Commission must increase public awareness of public services, taxation, and the roles of school boards as local governments.

Part II: OPSBA's New Education Grant System

The Association on behalf of over 90 public boards of education affirms that there must be a new approach to funding education.

OPSBA's approach to education finance:

1. an accurate cost analysis of education programs and services being delivered by school boards now.

2. an accurate costing of new policy directions under the Ministry of Education's program restructuring: policy directions for the future, new curriculum directions, integration of special education into the classroom, de-streaming, teacher education, etc.

3. the identification of resources required to provide services to all pupils based on the strategic directions for the education system and including all new government policies.

4. then, jointly developed (provincial/school board) defined levels of service necessary to deliver education in our communities to meet provincial goals and local goals.

5. the development of new models and formula which recognize diversity to be used in grant distribution.

6. impact analysis for the province and school boards on local and provincial taxes and the development of a process for on-going financial analysis and evaluation.

OPSBA has recommended a model for costing education. The costing of the components of education and defining the level of service (core education) must be a joint provincial-school board process. OPSBA has recommended a provincial-school board finance assessment committee.

The Association states that if it becomes apparent in the "costing" of education that available provincial and local resources cannot fund new and improved education service, then the education policy agenda must be adjusted accordingly.

OPSBA has provided a model for a comprehensive education funding system:

- a new education unconditional block grant with these components:

  . an accurate costing and a jointly defined level of service

  . an accurate level of support to achieve clear objectives

  . distributed through a new formula of needs assessment, pupil enrolment, and assessment

  . improved equalization factors resulting from assessment reform.

- a new transportation conditional grant
- a new special education conditional grant (instructional)
- health and social services support from the province
- a new block capital grant

RECOMMENDATIONS - PART I

REVENUE FOR EDUCATION

1. OPSBA SUPPORTS AN EDUCATION SYSTEM FUNDED FROM PROVINCIAL REVENUES (GRANTS) AND FROM LOCAL PROPERTY TAXES.

2. TO ACHIEVE RESOURCE EQUALIZATION AND EQUITY (STUDENT, SCHOOL BOARD AND TAXPAYER) THE PROVINCIAL GOVERNMENT MUST REALLOCATE ITS RESOURCES TO INCREASE ITS CONTRIBUTION TO PUBLIC EDUCATION FROM THE PROVINCIAL REVENUE BASE.

3. FURTHER, ADDITIONAL NEW MANDATED PROGRAMS MUST BE PROVINCIALLY AND LOCALLY COSTED AND ADDITIONAL PROVINCIAL RESOURCES PROVIDED FOR THEIR IMPLEMENTATION AND ON-GOING MAINTENANCE.

4. OPSBA RECOMMENDS THAT THE PROVINCIAL GOVERNMENT THROUGH THE APPROPRIATE MINISTRIES FUND THE HEALTH AND SOCIAL SUPPORT SERVICES REQUIRED BY THE EDUCATION SYSTEM FROM THE PROVINCIAL TAX BASE.

5. OPSBA RECOMMENDS THAT ALL PUBLIC, SEPARATE, AND FRENCH LANGUAGE SCHOOL BOARDS ESTABLISH JOINT COMMITTEES TO IMPLEMENT COOPERATIVE SERVICE DELIVERY OF LOCALLY DETERMINED EDUCATION PROGRAMS AND SERVICES.

6. OPSBA RECOMMENDS THAT THE PROVINCE AMEND THE *EDUCATION ACT* TO ALLOW CONSENTING SCHOOL BOARDS TO INCORPORATE. TO INCLUDE, BUT NOT BE LIMITED TO:

   - AMALGAMATION OF CONSENTING SCHOOL BOARDS INTO LARGER JURISDICTIONS.

   AND/OR

   - CONFEDERATION OF CONSENTING PUBLIC, SEPARATE AND FRENCH LANGUAGE SCHOOL BOARDS.

7. OPSBA DOES NOT SUPPORT THE PROVINCE ASSUMING ANY PORTION OF THE LOCAL PROPERTY TAX FOR RE-DISTRIBUTION FOR PUBLIC SERVICES.

8. OPSBA URGES THE FAIR TAX COMMISSION TO INCLUDE IN ITS 1993 PUBLIC CONSULTATION PROCESS DISCUSSIONS TO INCREASE PUBLIC AWARENESS OF LOCAL GOVERNMENT; PARTICULARLY THE ROLE OF SCHOOL BOARDS IN THE COMMUNITY.

ASSESSMENT REFORM

9. OPSBA SUPPORTS A COMMON ASSESSMENT SYSTEM ACROSS THE PROVINCE.

   IMPLEMENTATION MUST BE BY METROPOLITAN REGION OR COUNTY GOVERNMENT (OR LOWER-TIER IN MOST OF NORTHERN ONTARIO) IN COOPERATION WITH AREA MUNICIPALITIES AND ALL AFFECTED SCHOOL BOARDS.

   ASSESSMENTS SHOULD BE UPDATED AUTOMATICALLY EVERY FOUR YEARS TO A COMMON BASE YEAR.

10. THE ASSOCIATION RECOMMENDS THAT, AS A FIRST STEP TOWARDS IMPROVED EQUALIZATION, THE PROVINCE IMPLEMENT A COMMON ASSESSMENT SYSTEM.

    PRIOR TO IMPLEMENTATION OF ANY ALTERNATIVE MEASURES OF LOCAL SCHOOL BOARD ABILITY TO PAY, OPSBA STATES THAT THERE MUST BE FULL ANALYSIS OF THE IMPACT ON PROVINCIAL-LOCAL FINANCE AND ON "FISCAL EQUALIZATION".

11. OPSBA DOES NOT SUPPORT A MUNICIPALLY ADMINISTERED AND MANAGED ASSESSMENT SYSTEM.

    OPSBA RECOMMENDS THAT THE FUNCTION REMAIN WITH THE PROVINCIAL GOVERNMENT WITH MECHANISMS FOR SCHOOL BOARD/MUNICIPAL INPUT, OR THAT THE PROVINCE ESTABLISH A PROPERTY ASSESSMENT CORPORATION WITH THE NECESSARY REPRESENTATION FROM SCHOOL BOARDS AND MUNICIPALITIES.

TAXATION OF PROPERTIES

12. OPSBA RECOMMENDS AMENDMENTS TO THE *EDUCATION ACT* AND *MUNICIPAL ACT* TO ENSURE EQUITABLE SHARING OF PAYMENTS-IN-LIEU OF TAXES AMONGST SCHOOL BOARDS AND MUNICIPALITIES.

13. OPSBA RECOMMENDS THAT THE PROVINCIAL LAND TAX BE AMENDED TO ENABLE THE EQUITABLE SHARING OF TAXATION FROM TELEPHONE AND TELEGRAPH TAXES IN AREAS WITHOUT MUNICIPAL ORGANIZATION, WITH THE LOCAL SCHOOL BOARD.

14. IT IS RECOMMENDED THAT THERE BE A REVIEW OF ALL EXISTING EXEMPTIONS OF THE *ASSESSMENT ACT* AND ALL PRIVATE ACTS FOR THE PURPOSE OF DEVELOPING A UNIFORM AND CONSISTENT POLICY.

    THE OVERRIDING PRINCIPLE SHOULD BE THAT ALL PROPERTIES BE SUBJECT TO PROPERTY TAXATION, WITH LIMITED EXEMPTIONS.

15. IT IS RECOMMENDED THAT RECREATION AND COTTAGE PROPERTIES CONTINUE TO PAY FULL PROPERTY TAXES.

16. IT IS RECOMMENDED THAT EQUITY IN PROPERTY TAXATION BE ACHIEVED THROUGH A REVISED PROVINCIAL TAX CREDIT SYSTEM, TO BE BASED ON INCOME AND NEED.

17. OPSBA RECOMMENDS THAT THE *EDUCATION ACT* AND THE *MUNICIPAL ACT* BE AMENDED AS SOON AS POSSIBLE TO REVISE THE PAYMENT SCHEDULE TO ENSURE A MORE REALISTIC TRANSFER OF EDUCATION PROPERTY TAXES TO SCHOOL BOARDS.

18. OPSBA DOES NOT SUPPORT THE DUPLICATION RESULTING FROM SCHOOL BOARDS ASSUMING THE TAX COLLECTION FUNCTION.

    OPSBA RECOMMENDS THAT LOCAL GOVERNMENTS DEVELOP A COOPERATIVE AND ACCOUNTABLE APPROACH TO TAX NOTICES AND COLLECTIONS.

ALTERNATIVE REVENUES FOR EDUCATION

19. OPSBA RECOMMENDS THE FOLLOWING FOR INCREASED FLEXIBILITY AND ACCESS TO ADDITIONAL REVENUES FOR EDUCATION:

    - THAT THE REGULATIONS FOR LOTTERY FUNDING BE AMENDED TO GIVE FUNDING ACCESS TO SCHOOL CULTURAL AND ARTS INITIATIVES.

19. (continued)

- THAT THE GOVERNMENT AMEND THE LEGISLATION AND CURRENT CAPITAL GRANT PROGRAMS TO PERMIT PRIVATE SECTOR/SCHOOL BOARD PARTNERSHIPS FOR SCHOOL CAPITAL.

- THAT THE GOVERNMENT AMEND THE *ONTARIO PLANNING ACT*, TO REQUIRE ALL RESIDENTIAL DEVELOPMENT (SUBDIVISION AND INFILL) TO CONTRIBUTE LAND AND FUNDS TO SCHOOL BOARDS FOR FACILITIES.

A NEW EDUCATION GRANT SYSTEM - PART II

"COSTING" COMPONENTS OF EDUCATION

20. OPSBA RECOMMENDS THAT THE MINISTRY OF EDUCATION AND SCHOOL BOARDS ALLOCATE RESOURCES TO THE DEVELOPMENT OF A COMPREHENSIVE EDUCATION DATA BASE.

21. OPSBA URGES THE MINISTRY OF EDUCATION TO MERGE ITS PROGRAM RESTRUCTURING AND FINANCE RESTRUCTURING TO ENSURE DESIRED PROGRAM OUTCOMES.

    AS WELL OPSBA STATES THAT IMPACT OF PROGRAM RESTRUCTURING MUST BE INCLUDED IN THE FINANCE REFORM'S DATA COLLECTION AND ANALYSIS.

22. OPSBA RECOMMENDS THAT THERE BE A JOINT SCHOOL BOARD/MINISTRY PROCESS FOR THE ASSESSMENT OF EDUCATION COSTS AND DEFINITION OF SERVICE LEVELS.

    OPSBA URGES THE MINISTRY TO IMMEDIATELY ESTABLISH A JOINT PROVINCIAL-SCHOOL BOARD FINANCE ASSESSMENT COMMITTEE WITH THE FOLLOWING MANDATE:

    - ANALYZE AND ASSESS EDUCATION DELIVERY COSTS, PROVINCIAL AND LOCAL
    - RECOMMEND THE DEFINED LEVEL OF SERVICE AND PROJECTED FUNDING LEVELS REQUIRED
    - REVIEW ON AN ON-GOING BASIS THE IMPACT OF GRANTS AND DISTRIBUTION FORMULA TO ASSESS ACHIEVEMENT OF GOALS.
    - ASSESS THE FINANCIAL IMPACT OF NEW PROGRAMS AND POLICIES ON THE PROVINCIAL AND LOCAL TAX BASES

23. OPSBA STRONGLY STATES THAT THE EDUCATION AGENDA MUST FIT THE AVAILABILITY OF PROVINCIAL AND LOCAL FUNDS. IF IN THE "COSTING" OF EDUCATION IT BECOMES APPARENT THAT AVAILABLE RESOURCES CANNOT FUND CURRENT AND NEW SERVICE, THEN THE EDUCATION POLICY AGENDA MUST BE ADJUSTED ACCORDINGLY.

A NEW EDUCATION UNCONDITIONAL BLOCK GRANT

24. OPSBA RECOMMENDS A NEW EDUCATION UNCONDITIONAL BLOCK GRANT BASED ON ACTUAL DELIVERY COSTS, "PROGRAM-COSTED" FOR:

- SCHOOL BOARD ADMINISTRATION AND SUPPORT SERVICES
- PLANT OPERATION AND MAINTENANCE
- INSTRUCTION: KINDERGARTEN TO OAC FOR ALL, REGARDLESS OF AGE
- LANGUAGE INSTRUCTION (ESL/FSL)

25. OPSBA RECOMMENDS A DISTRIBUTION FORMULA FOR THE EDUCATION UNCONDITIONAL BLOCK GRANT WITH THESE STEPS:

- FIRST, SCHOOL BOARD "NEEDS ASSESSMENT" BASED ON WEIGHTED CHARACTERISTICS, THEN
- ENROLMENT (PER PUPIL)
- ASSESSMENT.

THE FORMULA WOULD BE DEVELOPED BY A JOINT SCHOOL BOARD/ PROVINCIAL CONSULTATION PROCESS.

26. OPSBA RECOMMENDS THAT EDUCATION GRANT DOLLARS BE DISTRIBUTED ON A PER PUPIL BASIS WITH A NEW DEFINITION OF PUPIL.

27. OPSBA RECOMMENDS A NEW EDUCATION UNCONDITIONAL BLOCK GRANT WITH THE FOLLOWING COMPONENTS:

- BASED ON ACCURATE COSTING AND A JOINTLY DEVELOPED DEFINED LEVEL OF SERVICE
- BASED ON AN ACCURATE AND ADEQUATE LEVEL OF SUPPORT TO ACHIEVE CLEAR OBJECTIVES
- DISTRIBUTED THROUGH A NEW FORMULA:

27. (continued)

1. A NEEDS ASSESSMENT BASED ON SCHOOL BOARD CHARACTERISTICS
2. NUMBER OF PUPILS WITH A NEW DEFINITION OF PUPIL
3. MORE ACCURATE EQUALIZATION FACTORS, RESULTING FROM ASSESSMENT REFORM

TRANSPORTATION

28. OPSBA STATES THAT TRANSPORTATION FUNDING SHOULD BE BY A CONDITIONAL GRANT PROGRAM WITH A REVISED DISTRIBUTION FORMULA.

29. THE NEW TRANSPORTATION GRANT FORMULA MUST TAKE INTO CONSIDERATION ALL STUDENT TRANSPORTATION NEEDS, PUPIL DENSITY, SCHOOL SITING WITHIN THE JURISDICTION, AND LOCAL ABILITY TO PAY.

30. IT IS RECOMMENDED THAT SCHOOL BOARDS AND MUNICIPAL TRANSIT AUTHORITIES INVESTIGATE COOPERATIVE TRANSPORTATION SERVICES.

31. OPSBA RECOMMENDS THAT THE NEW TRANSPORTATION CONDITIONAL GRANT PROVIDE FUNDS TO ISOLATE SCHOOL BOARDS WITHOUT SECONDARY PROGRAMS, FOR STUDENT ASSISTANCE AND TRAVEL COSTS.

SPECIAL EDUCATION

32. OPSBA RECOMMENDS THAT SPECIAL EDUCATION (INSTRUCTION) BE FUNDED BY A NEW CONDITIONAL GRANT PROGRAM BASED ON:

- AN ACCURATE ASSESSMENT OF COSTS
- A CLEAR DESCRIPTION OF THE DELIVERY MODEL
- FUNDED ON A PROGRAM COST-SHARED BASIS, ie. 70 PERCENT PROVINCIAL/30 PERCENT SCHOOL BOARD.

HEALTH & SOCIAL SERVICES

33. OPSBA RECOMMENDS THAT THE MINISTRY OF HEALTH AND LOCAL BOARDS OF HEALTH FUND HEALTH SUPPORT TO EDUCATION THROUGH THE EXISTING PROVINCIAL - MUNICIPAL COST-SHARING:

- HEALTH SUPPORT TO SPECIAL EDUCATION STUDENTS
- AIDS, DRUG EDUCATION
- NUTRITION EDUCATION
- VISION/HEARING TESTING, SPEECH THERAPY, ETC.

34. THE MINISTRY OF HEALTH MUST ADEQUATELY FUND THEIR COMMUNITY HEALTH PROGRAMS TO IMPLEMENT HEALTH GOALS.

35. OPSBA RECOMMENDS A NEW EDUCATION SUPPORT PROGRAM, FULLY FUNDED BY THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES, TO ASSIST SCHOOL BOARDS.

OTHER

36. OPSBA RECOMMENDS THAT THE MINISTRY OF CULTURE AND COMMUNICATIONS AND MINISTRY OF CITIZENSHIP EACH FUND CITIZENSHIP AND HERITAGE LANGUAGE PROGRAMS.

37. OPSBA RECOMMENDS THAT THE MINISTRY OF TRANSPORTATION FUND DRIVER EDUCATION.

A NEW CAPITAL GRANT PROGRAM

38. OPSBA RECOMMENDS A NEW CAPITAL BLOCK GRANT PROGRAM FOR NEW CONSTRUCTION AND LAND, RENOVATIONS, AND EQUIPMENT.

39. OPSBA RECOMMENDS THAT THE NEW CAPITAL BLOCK GRANT NOT FUND CHILD CARE CAPITAL. THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES MUST FULLY FUND CHILD CARE CAPITAL FACILITIES IN SCHOOLS.

40. OPSBA RECOMMENDS THAT THE BLOCK CAPITAL GRANT PROGRAM BE DISTRIBUTED ON THE BASIS OF:

    - NEEDS DETERMINATION
    - ENROLMENT (NUMBER OF PUPILS AND CLASSROOM TYPE)
    - ASSESSMENT

41. OPSBA RECOMMENDS THAT ALL SCHOOL BOARDS BE REQUIRED TO DEVELOP LONG RANGE CAPITAL PLANS TO COMPLIMENT THE NEW CAPITAL BLOCK GRANT.

POSITION PAPER # 3

OPSBA'S PROPOSALS FOR A NEW EDUCATION FUNDING SYSTEM

OPSBA's Proposed Education Funding System is third in a series of reports on the future finance, mandate and governance of our education system. The following proposals and models for education finance are based on over a year of research, analysis and membership consultation. OPSBA's position is founded on membership responses to the OPSBA Discussion Guide, the previous papers in the consultation reports series and discussions at the June 1992 Annual General Meeting. The conclusions of the previous reports, the statement of principles and goals in Position Paper I, *A Framework for the Future: Principles of our Education System*, and the clarification of the role of schools and the mandate of education in our communities in *The Future Responsibilities of our Education System* provide the foundation for the next stage, the development of recommendations on education finance.

INTRODUCTION

The Ontario Public School Boards' Association has prepared this report to provide public school board input to three provincial public policy processes:

- the Property Tax Working Group of the Fair Tax Commission which has requested Association input by September 10,1992.
- the Ministry of Education's Finance Reform Project, now preparing proposals for education grants.
- the Steering Committee on Provincial-Local Relations, currently reviewing the roles and responsibilities and finance of the province and municipal governments.

The Ontario Public School Boards' Association began the development of a public school board consensus on what a new education finance system should look like in 1991. It has been a long task for OPSBA and its members. The task has been complex as it has become obvious that one cannot look at education funding without determining first the public school board mandate or "responsibilities." The Association then moved on to the task of examining the funding issues; how the money is raised and where it comes from; and how it is allocated to support the mandate of education.

OPSBA has concluded that if there is to be a resolution of many of the long-standing issues regarding education finance, a more fundamental approach is necessary. Some of the recommendations in this report may lead to a longer-term goal for reform and changes to some of our traditional public institutions. The policy issues raised could lead to the conclusion that education, along with other public services, requires "restructuring" to meet the current and future needs of society.

Which level of government should be responsible for which services?

What authority and control should be centralized or decentralized?

What should be a locally responsive service and what should be a provincially mandated and uniform service?

Which public services from the citizen and users' point of view require local responsiveness?

From what revenue source should certain public services be funded?

The review of education finance is in fact linked to a review of provincial-local relations. A new funding model to meet the goals of the system could result in a restructuring of the roles and responsibilities of school boards as local governments.

It has become increasingly apparent that the world is changing and education must change with it. New "consumer demands" for a more responsive and accountable education system must be met. The provincial goals of equity and new standards will cause additional pressures. The current economic climate will add to the impetus to restructure education delivery. For school boards to remain effective local governments, they must become leaders in articulating their role in the community. School boards must become more forceful in clarifying what they are doing now, and what our communities require from schools.

OPSBA, representing public boards of education from across the province, accepts the challenge of leadership. Our objective is an adequately funded system to meet its goals and future needs. The ultimate benefactors will be our communities, our students and our economic base.

This report, *OPSBA's Proposals for a New Education Funding System* provides the public school board consensus on:

- The revenue base for education
- Taxation and assessment issues
- How to fund education more equitably
- Model(s) to distribute grants to school boards for operating costs

- Recommendations for a new capital grant program
- Recommendations for support to education in recognition its role in the community

OPSBA'S PRINCIPLES OF EDUCATION FINANCE

OPSBA has used its statement of principles to guide its discussion on education finance.

OPSBA Statement of Principles

- THE UNIQUE MANDATE OF PUBLIC EDUCATION
- THE EDUCATION PARTNERSHIP
- LOCAL AUTONOMY
- EQUITY: STUDENT, SCHOOL BOARD, TAXPAYER
- POLITICAL ACCOUNTABILITY
- ADEQUACY

(For a more complete description of these principles refer to OPSBA Position Paper #1: *A Framework for the Future: Principles of our Education System*).

The education partnership: Education is a shared provincial-local responsibility. Within the partnership, the roles of the province and the local school board in the delivery of education must be clearly defined. There must be on-going consultation and cooperation. This shared governance requires a joint revenue base: local and provincial.

Local autonomy: The Association has stated that local autonomy is essential to the preservation of the quality of the education system. Elected school boards must have sufficient discretionary authority over education programs and services and must be equipped with sources of revenue that are adequate to enable them to carry out their responsibilities.

Equity: student, school board and taxpayer: OPSBA supports equality of educational opportunity for all pupils. OPSBA supports equal **access** for all students to educational programs and services. All school boards must be funded at a level to provide for equality of educational opportunity. Further there must be equal local tax effort to provide a defined level of educational service. Comparable properties of similar value within a school board jurisdiction should pay the same level of property tax for similar levels of service.

Adequacy: Education must be funded at an appropriate level to achieve both provincial and local education objectives.

THE RESPONSIBILITIES OF SCHOOL BOARDS

OPSBA report *The Future Responsibilities of Our Education System*, focused on the programs and services needed by all students at all stages of development, and which level of government should be "responsible" for these programs. Directions for education finance are suggested by the model for provincial/school board relationships in the delivery of programs within the overall education system and related programs.

OPSBA'S MODEL FOR SCHOOL BOARD/PROVINCIAL RELATIONSHIPS

SHARED	PROVINCE	SCHOOL BOARDS
• Education/instructional program for all:	• Job training & skills development * • Child care • Health & social support programs for all including exceptional students	• Education/instructional program: local programs and policies • Adult general interest and other • Extra-curricular, after-school programs, etc.
• School transportation • School facilities/capital	• Co-ordination/ management of integrated health & social supports • Employment support programs	

* School boards are responsible for the secondary credits.

PART I

THE REVENUE BASE FOR EDUCATION

OPSBA'S COMMENTS TO THE FAIR TAX COMMISSION, PROPERTY TAX WORKING GROUP

PART I

THE REVENUE BASE FOR EDUCATION

OPSBA'S COMMENTS TO THE FAIR TAX COMMISSION, PROPERTY TAX WORKING GROUP

INTRODUCTION

Property tax funding for education is under attack from many fronts these days. Public school trustees and school board officials are facing concerned citizens daily. Citizens are concerned not only with the quality of education but with the level of property taxation required to provide the service. Once again special interests are arguing for "fairness" by the removal of education completely from the property tax base. Municipalities are promoting, particularly at education requisition time, a reduced reliance on the local property tax in order to provide more tax leeway for municipal services. Some cottagers and seniors have argued that they pay education property taxes for a service that they do not use.

There are equally as many arguments for and against the use of property taxation to fund education in the public policy and academic world. The traditional view is that the property tax is a "regressive" tax and therefore an unfair and inappropriate source of funds for education, which should be funded from the more progressive income tax base. There are opposing views that the property tax is perhaps not as "regressive" as some have argued and is viewed as a tax on wealth or assets.

OPSBA has approached this question with an open mind. Should education be funded completely by the provincial government from its more "progressive" revenues? Would this improve education? Would this be more equitable for the taxpayer?

OPSBA has examined the pros and cons of these options regarding the tax base for education:

- education totally funded by the province
- education totally funded by property taxation only
- education funded from provincial grants and local property taxation
- education funded from provincial taxation and a locally levied income tax
- education funded from alternative revenue sources

In reviewing the options and their implications for locally elected school boards, for the provincial government and for the students served by the system, OPSBA has concluded that the property tax base must continue to be a major (but not necessarily the major) source of revenue for boards of education.

1. OPSBA SUPPORTS AN EDUCATION SYSTEM FUNDED FROM PROVINCIAL REVENUES (GRANTS) AND FROM LOCAL PROPERTY TAXES.

The statements calling for the reduction or the elimination of property taxes for education must be acknowledged. They relate to the view that social services should be funded through the more progressive income tax base, to the apparent weak linkage between the beneficiaries of the education system and the property taxpayer, and to the inadequacies of property taxation and the assessment system. These can be forceful arguments but in OPSBA's opinion short-sighted. We believe that many of these short-comings can be addressed.

The dual funding base for education must be maintained, based on the principles of local autonomy and accountability for local needs, and equity for all students (equality of educational opportunity). Ontario can be best served by a locally governed education system. The direct relationship between local authority and accountability for decision-making and accountability to the local ratepayer for local taxation must be maintained not only in the interest of democracy but also in the interest of the quality of our education system.

Although much of education policy is regulated by the province, there is a significant component that requires community input. There is a significant component that is founded on local innovation and creativity. The diversity of circumstances and student needs in the communities across this province make it impossible and undesirable for a completely standardized and provincially regulated education system. Diverse student populations, geography, community priorities and needs result in a range of policies, services and programs. The ability to respond to this diversity and to local needs must remain in the hands of locally elected school boards. It is interesting to note that a variety of government reports on the devolution of many community health and social services to the local level are based on similar conclusions. The same rationale for a locally integrated and coordinated health and social service system, applies to the funding and governance of our education system:

- the improvement in access to services to meet individual needs,
- more cost-effective delivery,
- community empowerment to gain some control over the public service, and
- accountability to the people of Ontario.

A strong case can be made for locally governed and consequently locally funded education. Local government does foster more community participation. Community decision-making is one of the foundations of our society. Local politicians, by living in and participating in their communities, are accessible to their constituents. As well the property tax is still very much a visible tax. The visibility and accountability of school trustees for property tax expenditures can be improved. Complete elimination of property tax for education would result in a significant loss in accountability, flexibility, and ability to meet local needs.

The final point calling for the retention of the local education property tax is contained in the first report in this series, *A Framework for the Future: Principles of our Education System*. Public school boards support the continuation of the provincial-local government partnership. Public school boards support joint responsibility with the province for our elementary and secondary education system. This partnership requires joint funding with each level of government contributing to education from their respective tax bases.

The partnership is also a community partnership with students, parents, business and industry, post-secondary education, health and social service agencies, and the public at large. The community has a vested interest in its public education system. The education system plays an important role in the "health and well-being" or the social and economic viability of the community. Therefore the community itself through its tax support should have a corresponding financial commitment. Education is a shared public commitment to the development of our most valuable resource, people.

In conclusion, it is unrealistic to expect that the provincial government and our citizens could afford to completely remove property taxation as a revenue source for education. This would create an expenditure shift of approximately $6.9 billion to the provincial government, resulting in unacceptable income tax increases. The other alternative would be a provincial take-over of a historically local tax base. There would be a significant loss of local control and grass-roots democracy if citizens signed their property tax checks over to the Treasurer of Ontario.

ADEQUACY AND EQUALIZATION

OPSBA in its statement of principles has identified adequate financing as a goal. However it is recognized that a definition of "adequacy" will likely never be resolved to everyone's satisfaction; nor likely will the debate on what is the appropriate financial share of each level of government.

OPSBA has defined adequacy as "the appropriate level to achieve both provincial and local objectives." The Association has also stated that a "base" level or "core" level of education must be available to all across the province. It is the responsibility of the school boards and the provincial government to work together to determine what this level of service is, and how its funding should be shared.

Adding complexity to the issue is the fact that one of the revenue sources, the property tax, is an unevenly distributed resource. Some school board jurisdictions can afford more than others with less tax effort and impact on their ratepayers.

A key issue that must be resolved is the design of a finance system that:

- **preserves local autonomy and accountability**
- **promotes equality of educational opportunity, and**
- **ensures equity in local taxation.**

The existing education grant program at some point in time was supposed to have been founded on these same principles. The basic concept behind the basic per pupil grant was at one time the "equalization" of available resources to achieve student equity. This per pupil grant is unconditional and by nature provides maximum local flexibility.

Why then do we believe that education finance is in trouble? The past ten years have produced government reports and school board documentation illustrating that equalization and student equity is no longer a reality. Education programs and services have changed and the **grant structure and provincial share has not kept pace with this rate of change**. Due to a history of declining provincial support, there is an over-reliance on the property tax, emphasizing the differences in ability to pay of our property taxpayers, and the differences in the ability of school boards to finance from the local property tax base.

The goals of equalization and equity (student, school board and taxpayer) could be enhanced if:

- **there was recognition and clarification of the "mandate" of school boards, and what is funded**
- **there was an accurate costing and "adequate" provincial funding of education**

OPSBA report, *The Future Responsibilities of our Education System* concluded that a common but not necessarily a uniform education experience must be available to all students in Ontario. OPSBA has recommended that a "core" or a defined level of service be accessible province-wide, with a defined outcome, measures of achievement and clear school board accountability.

A base level of service appropriately funded is not a new concept. The basic per pupil grant of the General Legislative Grant Program at one time was supposed to have been founded on this concept. However, we now need to redefine education and the basic level of service in relation to the reality of our classrooms. Presently the level of service is not accurately defined or recognized for provincial funding. Also the role of the school board in the achievement of student results is not clear. The current funding model does little to clarify the relationship between the level of service approved by school boards, the tax rates levied and the level of provincial grants. Compounding this is a history of declining provincial financial support, resulting in a basic per pupil grant that does not meet the costs of program delivery. The provincial under-funding has emphasized the differences between assessment wealthy boards and assessment poor boards.

OPSBA has concluded that taxation equity, student equity, and school board resource equity would be significantly improved if the provincial share of education finance was significantly increased. This may mean more than the promise for 60 percent provincial funding of education.

OPSBA is not suggesting large tax increases. OPSBA is recommending that the provincial government fund a significantly larger portion of education from its consolidated revenues.

The Premier of Ontario, Bob Rae has stated that "renewing our economy must be the central focus of our work as a province." He went on to state that "Canada's economy dramatically under-invests in training, research and development." The public education system must be the first step in any economic restructuring plan. Our youth must be prepared for participation in the workforce of the future. Public education is the foundation of our investment in human resources. OPSBA believes that the government must recognize that the first level of investment in the economic restructuring of this province is an investment in its future workforce, all students. Our education system must be adequately funded to do its job.

2. **TO ACHIEVE RESOURCE EQUALIZATION AND EQUITY (STUDENT, SCHOOL BOARD AND TAXPAYER) THE PROVINCIAL GOVERNMENT MUST REALLOCATE ITS RESOURCES TO INCREASE ITS CONTRIBUTION TO PUBLIC EDUCATION FROM THE PROVINCIAL REVENUE BASE.**

3. **FURTHER, ADDITIONAL NEW MANDATED PROGRAMS MUST BE PROVINCIALLY AND LOCALLY COSTED AND ADDITIONAL PROVINCIAL RESOURCES PROVIDED FOR THEIR IMPLEMENTATION AND ON-GOING MAINTENANCE.**

In addition to increasing the provincial share to education the grant structure itself must also be addressed.

OPSBA'S APPROACH TO EDUCATION FINANCE

1. an accurate cost analysis of education programs and services being delivered by school boards now.

2. an accurate costing of new policy directions under the Ministry of Education's program restructuring: policy directions for the future, new curriculum directions, integration of special education into the classroom, de-streaming, teacher education, etc.

3. the identification of resources required to provide services to all pupils based on the strategic directions for the education system and including all new government policies.

4. then, jointly developed (provincial/school board) defined levels of service necessary to deliver education in our communities to meet provincial goals and local goals.

5. the development of new models and formula which recognize diversity to be used in grant distribution.

6. impact analysis for the province and school boards on local and provincial taxes and the development of a process for on-going financial analysis and evaluation.

This approach is presented in Part II of this report. What must first be addressed is where the money will come from to support this approach.

Where will the money come from?

Notwithstanding the need for a new education finance system and grant structure, OPSBA has concluded that the provincial government must significantly increase its support to the defined level of education service, and finance this public service from the more progressive provincial tax base. Taxpayer equity and school board equalization would improve if provincial education funding was significantly increased. The increased provincial contribution must fund a significant portion of the new defined level of service.

OPSBA makes this recommendation in full recognition of the implications for provincial-local finance. To meet the provincial commitment to increase education support to 60 percent will annually require over $2 billion. But OPSBA has not recommended 60 percent provincial funding of education. We are stating that education should be funded to accurately reflect the true costs of delivery, based on a jointly developed and defined level of service. **What** is included in this level of service will determine the level of provincial and local support to the system. It may be significantly more than a 60 percent provincial contribution. As well there is a strong statement that in the interests of political accountability and clarity in intergovernmental relations, the provincial government should finance and be accountable for its education decisions, including new mandated programs. The funding of the system will depend on the results of the above-mentioned definition of and accurate costing of the level of education service and resources.

There are options on where the provincial government could find this money. What must also be kept in mind is the current economic climate of declining provincial revenues and the continued economic recession.

Therefore, OPSBA has a series of recommendations for the allocation of funds to education.

A Clarification of Responsibilities and Tax Sources For Social and Health Support to Education

4. OPSBA RECOMMENDS THAT THE PROVINCIAL GOVERNMENT THROUGH THE APPROPRIATE MINISTRIES FUND THE HEALTH AND SOCIAL SUPPORT SERVICES REQUIRED BY THE EDUCATION SYSTEM FROM THE PROVINCIAL TAX BASE.

It is necessary to recognize that an important component of the education system is the range of health and social supports programs that are needed to support it. For example school boards have had to provide school psychologists and psychiatrists, personal counselling, crisis intervention and suicide prevention, parenting programs, hearing and vision testing, speech and language diagnosis, to name a few. Not all children and students come into the school system ready or able to learn, and this must be recognized in provincial policy and funding. The past practice of turning this responsibility over to the financial resources of the school system must end.

In its report on the responsibilities of school boards, OPSBA has stated that boards of education are willing to cooperate with the province, municipalities, and social agencies to participate in the delivery of some of these services. Services can be provided at school sites to enhance community coordination and access. There should be the option for school boards to be fully funded as delivery agents for these types of services. This does not suggest that school boards would be governmentally "responsible" for such programs and services. What the public school boards of this province have concluded is that these programs and services are ancillary to their prime mandate of education and instruction and must not be financed with education dollars.

OPSBA's model of school board/provincial relationships states that the following public services are the management and **financial** responsibility of the provincial government:

- child care
- skills development/job training (except for adult secondary courses)
- and health and social support programs to education, particularly those for exceptional students

This suggests a realignment of some of the current resource allocations of the province and local school boards. Financial support to health and social programs would not be funded through education grants but through a different type of grant program by the Ministries of Community and Social Services and Health. OPSBA reaffirms its statements that health and social services for the education system are a provincial responsibility and must be funded from provincial revenues.

The Amalgamation of School Boards

OPSBA Position Paper I: *A Framework for the Future: Principles of our Education System* stated:

> "The need for equalization of resources to provide "equity" amongst school boards would be reduced if finance reform was accompanied by the amalgamation of school boards into larger units to enhance their economic viability and local tax base. This could be done by the coterminous board sharing of program and services or by structuring confederated school boards in some areas of the province. However amalgamation and "confederation" may not be applicable in all situations. In parts of northern Ontario where school board jurisdictions have communities separated by considerable distances, amalgamation and the creation of larger boards could cause an erosion of local autonomy."

5. OPSBA RECOMMENDS THAT ALL PUBLIC, SEPARATE, AND FRENCH LANGUAGE SCHOOL BOARDS ESTABLISH JOINT COMMITTEES TO IMPLEMENT COOPERATIVE SERVICE DELIVERY OF LOCALLY DETERMINED EDUCATION PROGRAMS AND SERVICES.

The Association is suggesting that in this time of reduced access to both local and provincial funding, it is time for a serious look at more cost-effective delivery of education in our communities. There appears to be strong support in northern Ontario for example, for cooperative delivery of curriculum services, teacher training, special education programs and administration and financial services. All boards must come together and develop cooperative service delivery models. OPSBA is not suggesting that the province legislate how this would be done. The services and the delivery model must be determined by the local school trustees through joint committees and their respective boards. The cooperative service delivery model must meet community needs and realize cost-savings not just for the provincial taxpayer but the local taxpayer.

6. OPSBA RECOMMENDS THAT THE PROVINCE AMEND THE *EDUCATION ACT* TO ALLOW CONSENTING SCHOOL BOARDS TO INCLUDE, BUT NOT BE LIMITED TO:

- **AMALGAMATION OF CONSENTING SCHOOL BOARDS INTO LARGER JURISDICTIONS.**

AND/OR

- **CONFEDERATION OF CONSENTING PUBLIC, SEPARATE AND FRENCH LANGUAGE SCHOOL BOARDS.**

To increase the economic viability of school boards as local governments and to meet the growing public expectations for service, OPSBA has concluded that **some** school boards (public, separate and French language) could consolidate into larger local units of school board governance and increase their local tax base. These boards would improve their ability to fund from the local tax base **while still maintaining local control over their revenues.**

Inherent in this proposal is a restructuring to promote cooperative service delivery and cost-efficiencies for all publicly funded boards of education.

A "Restructuring" of School Boards

- In some areas of the province this could involve a merger of two or more public boards, separate boards, or a merger of public, separate and French language education.

- School boards in some areas of the province could be redesigned into one larger board, and still guarantee the right to universal access to a public education system and keep the Constitutional guarantees for separate and French language education.

- There could be one delivery system for many education services. The new larger board could be responsible for the following services for all components; public, French public, separate, French separate, general administration, plant and maintenance, school capital and planning, purchasing, human resources and collective bargaining, accounts and business functions, computer services, transportation, public relations, etc.

- Each component of the school board, public, French public, separate and French separate, must be responsible for its education programming and services in accordance with Constitutional guarantees. For example there would be a Superintendent of English Language schools and a Superintendent of French Language schools. Curriculum development and programming would be the responsibility of the individual divisions.

- There must be direct election by the respective electorates to the components: public, French public, separate, French separate. The public would designate their school support through the enumeration process for the purposes of school trustee representation and elections.

- There would be one local tax base paid by all local ratepayers, with a uniform education mill rate for grant purposes for all components: public, separate, French language. The designation of school support would only be used for representation and electoral purposes.

- The reorganization must also strengthen local collaboration and community dialogue under the leadership and direction of the board and its sections. All school boards would implement new consultation processes and procedures to ensure community participation.

Larger does not always mean more "responsive." Therefore care must be taken to ensure that amalgamation or confederation does not disenfranchise citizens or further remove education from community input. OPSBA supports the principle that education is a school board/community partnership and suggests that the new model of education governance must be accompanied by mechanisms to ensure public participation and accessibility. This does not suggest devolution of governance and policy decision-making to schools or community advisory groups. OPSBA will explore in its next report on governance mechanisms for community participation such as decentralized administration (school based administration), advisory committees, public participation, etc.

Consolidation and amalgamation must be locally driven. In the 1960's there was a similar consolidation when many small boards disappeared and became larger school boards. OPSBA states that the local trustees and the communities themselves must case by case, region by region, determine the best governance structure to meet their needs. Consolidation and amalgamation must not be a blanket solution directed by the provincial government. All school boards must be encouraged to come up with their own solutions to their governance structure.

A range of school board structures: The end result will be a range of school board governance structures across this province to reflect diversity:

- "status quo" school boards
- larger merged boards
- confederated school boards: public, separate, French language
- the Metropolitan Toronto two-tiered system.

Further elaboration is necessary. OPSBA will develop this concept in its next report on the future governance of education. There are implications for school board collective bargaining that must be resolved in implementation.

However, there must be recognition that part of the solution to finance is, a change in how we structure the local governance of education.

The restructuring of school boards must be pursued to ensure the most cost-effective use of public dollars. The combined efforts of consolidation and reduction in the duplication of education services and the creation of larger and more economically viable district boards in some areas of the province should free funds for allocation to classroom expenditures.

Restructuring is necessary to ensure that the local assessment base remains a local education resource. It is necessary to ensure that all publicly funded school boards keep their local autonomy and ability to address local needs, and also control their local tax base to finance these local needs. **OPSBA strongly opposes proposals that the province fund its commitments to education and the social service system by assuming the commercial and industrial tax base and integrating this taxation source into the provincial consolidated revenue fund for redistribution in various provincial grant programs.**

7. OPSBA DOES NOT SUPPORT THE PROVINCE ASSUMING ANY PORTION OF THE LOCAL PROPERTY TAX FOR RE-DISTRIBUTION FOR PUBLIC SERVICES.

Public Awareness of Government Services and Taxation

8. OPSBA URGES THE FAIR TAX COMMISSION TO INCLUDE IN ITS 1993 PUBLIC CONSULTATION PROCESS DISCUSSIONS TO INCREASE PUBLIC AWARENESS OF LOCAL GOVERNMENT; PARTICULARLY THE ROLE OF SCHOOL BOARDS IN THE COMMUNITY.

It is the citizens of this province that drive the demand for public services. Public school board budgets have increased as a result of demands for equitable treatment and improved service. The human service component of our public services is rapidly expanding.

To most, "fair" taxation means less. It appears that the public does not want to pay more, but at the same time wants to have the programs and services available when needed. What is required is a public discussion on public service priorities and funding. It is our understanding that in early 1993 the Fair Tax Commission will be releasing its preliminary report for public discussion on Ontario's taxation system, of which the property tax will be a part. We hope that this exercise will promote a better understanding of public services and taxation. We suggest that this public discussion also focus on the role of governments in delivery services including the role of locally elected public school boards in ensuring universally accessible education.

TAXATION ISSUES

Public school boards of Ontario have concluded that the property tax must finance a portion of elementary and secondary education. Therefore assessment reform will be necessary. A common and consistent assessment system is essential to achieving taxpayer equity. A common and consistent assessment system is necessary for education grant reform.

OPSBA supports assessment and taxation reform with these components:

- a consistent and comparative assessment system for all properties, commercial and industrial, farm and residential, across the province
- an all-inclusive property tax base with few if any exemptions
- sharing payments-in-lieu of taxes and telephone & telegraph taxes
- a re-examination of the taxation amongst classes of properties; residential, multi-residential, farm, and commercial/industrial assessment
- a more accurate equalization factor or measure of local ability to pay
- a system of property tax relief to improve equity
- improved local tax collection and payment schedules to school boards

OPSBA is aware through its monitoring of the work of the Property Tax Working Group of the Fair Tax Commission that part of its mandate is to review the assessment system. We note its terms of reference as: recommending reforms and legislative changes, designing fairness measures, evaluating property assessment administration, and commenting on the tax treatment of property types and classes, business tax, farms, exempt and special purpose properties. As the work of this group is not complete and OPSBA is not aware of its recommendations, our comments will focus on some key long-standing taxation and education assessment issues.

The Current Assessment System

There is much written on the current assessment system and it is not the intent of this report to provide a full review of assessment practices and their impact on education finance. In our review of education finance we have come to certain conclusions regarding the inequities in the current assessment system.

In order that a tax be perceived as "fair" it is essential that the tax base be consistent. It could be said that this principle currently does not apply. There are wide variances in the provincial system within classes of properties, between classes, and amongst municipal and school board jurisdictions. These variances are a result of past practices and the different times at which properties were last assessed and their differing tax rates and appreciation. The end result is that some ratepayers pay different property taxes even though their properties have the same "market" value.

Currently there are two methods of reassessment. Under one provision of the *Assessment Act* properties are assessed at their market value in a given base year, depending on when the reassessment happened. The properties are reassessed within their class only (i.e. single residential) restricting the shifts. The other form of reassessment is full market value by which properties are valued at their full market value without the use of class factors. There are shifts in tax burden between classes of properties i.e. single family residential and multiple-family. Although most municipalities have instituted reassessment programs over the past years, some have not.

Because we do not have a common valuation system, there is a need for equalization factors which are used to bring all properties up to some common value. These equalization factors attempt to translate the existing assessment into a common tax base for the purposes of grant distribution and also for the apportionment of costs amongst school boards within municipalities. It has become increasingly evident that the equalization factors do not reflect the local wealth or ability to pay of local governments or of individual citizens. Recent legislation providing for four-year factors has added to the time lag in accurately reflecting the local assessment base.

OPSBA states that there is a need for a common assessment system across the province. This does not necessarily mean that the Association supports the two options now provided in the *Assessment Act*. It is OPSBA's understanding that the Property Tax Working Group of the Fair Tax Commission is currently examining assessment issues. OPSBA states that whatever the system, it must be common and consistent across the province.

9. OPSBA SUPPORTS A COMMON ASSESSMENT SYSTEM ACROSS THE PROVINCE.

IMPLEMENTATION MUST BE BY METROPOLITAN REGION OR COUNTY GOVERNMENT (OR LOWER-TIER IN MOST OF NORTHERN ONTARIO) IN COOPERATION WITH AREA MUNICIPALITIES AND ALL AFFECTED SCHOOL BOARDS.

ASSESSMENTS SHOULD BE UPDATED AUTOMATICALLY EVERY FOUR YEARS TO A COMMON BASE YEAR.

Equalization Factors as a Measure of Ability to Pay

10. THE ASSOCIATION RECOMMENDS THAT, AS A FIRST STEP TOWARDS IMPROVED EQUALIZATION, THE PROVINCE IMPLEMENT A COMMON ASSESSMENT SYSTEM.

PRIOR TO IMPLEMENTATION OF ANY ALTERNATIVE MEASURES OF LOCAL SCHOOL BOARD ABILITY TO PAY, OPSBA STATES THAT THERE MUST BE FULL ANALYSIS OF THE IMPACT ON PROVINCIAL-LOCAL FINANCE AND ON "FISCAL EQUALIZATION".

Because Ontario does not have a common and consistent assessment system, the government has developed equalization factors which are an attempt to bring all properties up to a common value. The equalization factors attempt to translate the existing assessment into a common tax base for the purposes of grant distribution and the apportionment of property taxes amongst local governments.

The Ministry of Education's General Legislative Grant Program like other transfer payments to local government has a built-in equalization component based on assessment equalization factors.

The inconsistencies of the assessment base across the province have created a multitude of problems. The issue partly relates to whether assessment is an accurate measure of an individual's ability to pay or a local government's ability to finance services. By applying an equalization factor to the total property assessment of a municipality or school board, an attempt is made to "equalize" property values. However the "equalized" assessment is not always a good measure of a school boards ability to raise tax revenue, nor are property "values" or market conditions a measure of an individual's ability to pay.

A key question under review by the Fair Tax Commission, Property Tax Working Group is, what should be the basis of equalization? Should it be the fiscal capacity of local governments measured by assessment? Should it be on the income of residents? The implications of change from the current system to another measure of ability to pay are complex.

OPSBA has concluded that if the government implemented property tax reform and there was a common and consistent assessment system, equalization factors would become more effective. Tax base inconsistencies would be resolved. However there is still some merit in examining the issue of the "measure" of local wealth. Is it assessment wealth or is it in fact the income of residents?

Due to the complexities of the issues raised, OPSBA is recommending full analysis of this question, prior to any decision-making.

The Property Assessment Function: Whose Responsibility?

11. OPSBA DOES NOT SUPPORT A MUNICIPALLY ADMINISTERED AND MANAGED ASSESSMENT SYSTEM.

OPSBA RECOMMENDS THAT THE FUNCTION REMAIN WITH THE PROVINCIAL GOVERNMENT WITH MECHANISMS FOR SCHOOL BOARD/MUNICIPAL INPUT, OR THAT THE PROVINCE ESTABLISH A PROPERTY ASSESSMENT CORPORATION WITH THE NECESSARY REPRESENTATION FROM SCHOOL BOARDS AND MUNICIPALITIES.

There are currently discussions at the Steering Committee on Provincial-Local Relations (Disentanglement) and at the Fair Tax Commission regarding which level of government will be responsible for assessment practices and policies. Three options are being discussed: municipal administration, provincial administration (the status quo) and an independent agency or assessment authority.

The assessment function and the possibility of changes regarding future fees for service and administration are part of the provincial-municipal "disentanglement" discussions in the attempt to find trade-offs in the rearrangement of provincial-municipal roles and responsibilities.

OPSBA is concerned that these discussions are proceeding with little input from the education sector. We are aware the there is a school board staff representative on the assessment panel of the disentanglement process, but certainly the school boards appear to be a forgotten partner in the future disposition of the assessment function. School boards must have more representative input to future decisions as assessment policies affect all aspects of school finance: the assessment roll, enumeration, the school support list, equalization factors, the Assessment Review Board and appeals, to name only a few.

In September 1990, OPSBA commented on the former *Bill 156, An Act to Establish the Property Assessment Corporation* and stated, "The property assessment program provides service and information fundamental to elected school boards both in the area of finance and governance (elections). Therefore the Ontario Public School Boards' Association suggests that the province has a shared responsibility for the management of this program not just with municipalities but also with locally elected school boards."

For this reason OPSBA cannot support the return of the assessment function to municipalities without some provisions for school board participation in the decision-making for local assessment policies.

Payments-in-Lieu of Taxes and Property Tax Exemptions

12. OPSBA RECOMMENDS AMENDMENTS TO THE *EDUCATION ACT* AND *MUNICIPAL ACT* TO ENSURE EQUITABLE SHARING OF PAYMENTS-IN-LIEU OF TAXES AMONGST SCHOOL BOARDS AND MUNICIPALITIES.

Properties of the federal and provincial governments do not pay property taxes but make instead "payments-in-lieu" to the municipality. Some of these are shared with the education sector and some are not. For example only those federal properties that are tenant occupied are shared with the local school board (defence properties, residential properties owned by the federal government). Provincial properties do not pay full taxes but a portion. Under Section 160 of the *Municipal Act* the government pays $75 per bed or student for such institutions as hospitals, colleges and universities, correctional institutions, etc. The legislation provides payment to the municipality only. Similar to the federal legislation, the provincial legislation provides payments to school boards only for properties related to residential occupation (properties owned by the Ontario Housing Corporation).

It is time to re-think this policy. Payments-in-lieu are viewed as a replacement to property taxation and for this reason should be shared more equitably amongst all programs and services funded from the local tax base. Payments-in-lieu comprised in 1991 approximately $.5 billion of the 1991 property tax dollar, of which little if any was accessible to local school boards.

As our health system, correctional services and facilities for the mentally disabled become more community-based, the education system has had to respond. An obvious example of the government's policy to de-institutionalize and provide access to services to all citizens is the impact on special education, a very high cost education program. School boards should have access to the payments-in-lieu revenues as part of their local revenues, to assist in meeting these costs.

The Association notes that the *Municipal Act* provision providing $75 per bed or head has not been amended for many years. Inflation has certainly reduced the value of the $75 fixed rate. As well there are large community group homes funded by the Ministry of Community and Social Services, Ministry of Health and Ministry of Correctional Services, which are not included in the legislation.

Telephone and Telegraph Taxes

13. OPSBA RECOMMENDS THAT THE PROVINCIAL LAND TAX BE AMENDED TO ENABLE THE EQUITABLE SHARING OF TAXATION FROM TELEPHONE AND TELEGRAPH TAXES IN AREAS WITHOUT MUNICIPAL ORGANIZATION, WITH THE LOCAL SCHOOL BOARD.

Section 161 of the Municipal Act provides for the sharing (between area municipalities and the local school boards) of telephone and telegraph taxes of companies operating in the jurisdiction. However, in areas without municipal jurisdiction, the revenues collected for these taxes are paid to the Ministry of Revenue and are not shared with the local school boards. There are situations in northern Ontario where there may not be a municipality, but there is a school board. In 1990 it was estimated that approximately $2 million in revenue was lost to these small northern boards.

Exemptions

14. IT IS RECOMMENDED THAT THERE BE A REVIEW OF ALL EXISTING EXEMPTIONS OF THE *ASSESSMENT ACT* AND ALL PRIVATE ACTS FOR THE PURPOSE OF DEVELOPING A UNIFORM AND CONSISTENT POLICY.

THE OVERRIDING PRINCIPLE SHOULD BE THAT ALL PROPERTIES BE SUBJECT TO PROPERTY TAXATION, WITH LIMITED EXEMPTIONS.

Exemptions from property taxation are provided through the *Assessment Act* and private legislation. The *Assessment Act* has twenty-three different categories providing exemptions from municipal and education taxes, some based on historical practice and some based on the philosophy that a "senior" government should not pay taxes to a "junior" local government. Property tax exemptions range from historical sites, jails, churches, government lands, charitable institutions, cultural centres, recreation organizations, etc.

There must be some rationalization of the current situation. If one accepts the principle that there must be a uniform and consistent assessment base across the province to achieve taxpayer equity, then there should be some consistency in the granting of property tax exemptions. The current mix of practices should be reviewed and rationalized to protect the integrity of the local tax base and prevent further erosion of local revenues.

Cottage Assessment and Taxation

15. IT IS RECOMMENDED THAT RECREATION AND COTTAGE PROPERTIES CONTINUE TO PAY FULL PROPERTY TAXES.

Once again public interest groups are questioning the validity of cottages being subject to property taxation, in particular the education property tax. Briefs to the Fair Tax Commission from cottage associations suggest that they pay property taxes for two residences, home and cottage, and do not receive services in both jurisdictions to warrant this additional taxation.

The suggestion that services are not provided to cottagers is not totally accurate as many municipal services such as garbage disposal, road maintenance, etc., are significant municipal budget items. Education tax can be viewed as a tax source not as a fee for service. An community's education system funded in part from the local tax base, is vital to its citizens regardless of the permanence of the residents and property owners.

It is also difficult to define recreational or cottage properties, as many are used year-round, rented or owner-occupied, or are increasingly turning into permanent residences. OPSBA is aware that many seniors are retiring and moving to cottage country. As these become principal residences, they do become eligible for property tax credits through the current program.

Tax "Fairness" Through Tax Credits

16. IT IS RECOMMENDED THAT EQUITY IN PROPERTY TAXATION BE ACHIEVED THROUGH A REVISED PROVINCIAL TAX CREDIT SYSTEM, TO BE BASED ON INCOME AND NEED.

The focus of the Property Tax Working Group of the Fair Tax Commission is the design of a taxation system that is equitable. This brings to mind many things, and undoubtedly we all have a different view of what "fair" is.

The Commission's Property Tax Newsletter of June 1992 has some interesting comments regarding "fairness":

> *"For many the ability to pay is the basis of fairness. By this standard the property tax is unfair. To be sure property tax credits represent an attempt to address this issue for low-income ratepayers. But there is no clear relationship between property tax and ability to pay."*

The newsletter hints at the "regressivity" of the current property tax system and suggests that local government and education could be funded more "fairly" through the more progressive income tax.

Presently there are two programs that in some measure attempt to lighten the burden of property tax; the Ontario tax credit program and the property tax grants to seniors. The programs are administered through the provincial income tax system and provides a rebate to seniors citizens and home-owners and renters based on their income levels. Some provinces have implemented a program of property tax deferral, which permits deferral of property taxes with the establishment of a lien against the property. That program is directed primarily to the elderly to permit them to use the equity in their properties to defer taxes and assist with cash-flow.

OPSBA's comments focus on practical measures to make the property tax more sensitive to the less affluent of society and improve its supposed "regressivity". As individual ability to pay is also a reflection of income, not just property values, it is suggested that the existing income tax credit system is the appropriate vehicle. The Pensioners Property Tax Assistance program is administered by the Ministry of Revenue along with tax credits for the retail sales tax. It is logical to build on the existing system and experience.

Tax Collection

17. OPSBA RECOMMENDS THAT THE *EDUCATION ACT* AND THE *MUNICIPAL ACT* BE AMENDED AS SOON AS POSSIBLE TO REVISE THE PAYMENT SCHEDULE TO ENSURE A MORE REALISTIC TRANSFER OF EDUCATION PROPERTY TAXES TO SCHOOL BOARDS.

Municipalities collect taxes for themselves and for school boards and forward the education portion to boards of education on the following schedule, or more frequently if mutually arranged. The *Education Act* provides the schedule as: 25% by March 31, 25% by June 30th, 25% by September 30th, and 25% by December 15th.

Sections 215 (3) of the *Education Act* provides for an improved payment schedule if agreed to by the school boards and most of the municipalities in the school board jurisdiction (representing 2/3 of the equalized assessment). Some school boards and municipalities have managed to work out a more timely payment schedule, but these are the exception.

Municipalities issue interim tax bills early in the year. Most of the property tax dollars have been collected by mid-year. The municipality has the advantage of keeping the funds and the interest earned. In 1991 approximately 31 percent of municipal "other revenue sources" was interest earned or investment income, totally $392 million. The financial benefit of interest on education tax dollars accrues to the municipality, and in many cases school boards are faced with interim borrowing and accused of being poor managers by the public. OPSBA recommends revisions to the municipality to school board tax payment schedule to benefit the local ratepayer.

Who Collects?

18. OPSBA DOES NOT SUPPORT THE DUPLICATION RESULTING FROM SCHOOL BOARDS ASSUMING THE TAX COLLECTION FUNCTION.

OPSBA RECOMMENDS THAT LOCAL GOVERNMENTS DEVELOP A COOPERATIVE AND ACCOUNTABLE APPROACH TO TAX NOTICES AND COLLECTIONS.

From time to time there are complaints from municipalities that they collect all the taxes and get all the complaints for the bill. The suggestion is that school trustees are not held politically accountable to their ratepayers, when the education tax bill is disguised in the municipal envelope. Consequently the issue of school boards issuing their own tax bills is periodically raised.

OPSBA suggests that little would be gained by having duplicate bureaucracies for the collection of local property taxes. As much as possible public resources should be used to provide services and not to finance duplication. A multiple tax billing system could in fact be more confusing to the ratepayer, thereby detracting from the political accountability of elected officials.

The Association suggests that there is however much room for improvement. The public needs to be better informed about their tax dollars and their local services. Education taxes and school board budgets need to be more clearly articulated to the local ratepayers. This could be accomplished by school boards producing their own tax notices and budget communication documents that could be then coordinated with the mailing of municipal tax notices and collections. Local school boards and municipalities should develop a cooperative tax billing service which would clearly identify who was responsible for their respective portions of the tax bill.

All tax bills should contain this minimum information:

- the municipal and education portion
- the education tax for the public, separate and French language boards
- the provincial component of local taxation (local cost of provincial decisions)
- the provincial grant contribution to education and local services
- the address and phone number of each government and elected officials

ALTERNATIVE REVENUE SOURCES FOR EDUCATION

The Treasurer of Ontario, in setting the terms of reference of the Property Tax Working Group of the Fair Tax Commission, posed two key questions: is the property tax an adequate resource base for local governments and if not, what changes to the system or other funding sources would improve the situation? The earlier recommendations provide advice on improvements to the property tax base. This section comments on alternative revenue sources other than property tax and provincial grants for education. The section is short as there are very few alternatives!

Municipalities have access to a more diversified revenue base than do school boards, with access to property taxes (property and business taxes) provincial grants, user fees, interest charges, and licensing fees, etc. School boards rely on property tax and provincial grants.

A Local Education Income Tax

The idea of a local income tax for education has been discussed in the past. As well the municipal sector has toyed with the concept of a municipal income tax to "piggy-back" onto the income tax system of the province. In those countries that do use a local income tax, it is levied in conjunction with the state or national one.

OPSBA has rejected this option as an unworkable one. In this time of fiscal restraint and tax unrest it is unlikely that our citizens would or could accept another tax in addition to the already high levels of income taxation, provincial sales tax, and the Goods and Services Tax. It is also necessary to question whether local income tax levied through the province would do much to improve the political accountability of school boards. The property tax as stated earlier in this report is a visible local tax, and OPSBA has recommended mechanisms to improve the tax and the political accountability.

A key principle in education finance is "equity", the equalization of resources and equal access to services. Data reveals that income tax incidence is just as unevenly skewed across the province as is property tax wealth. A local income tax based funding system would do little to improve resource equalization and equity.

User Fees

School boards have made limited use of user fees, as most education programs and services must be accessible to all and ability to pay cannot prohibit participation. However there are fees for some activities such as extra-curricular activities, tuition fees for non-resident pupils, etc.
There is one school board service for which a limited application of user fee may be possible: school busing. If for example a community desires an enriched service, then some consideration could be given to financing it through a combination of general revenues (taxation and grants) and a user charge.

Lottery Funding

The Association has rejected provincial lottery revenues as a new source of funding for education. Currently revenues of the Ontario Lottery Corporation are directed to the health care system, research and cultural activities. The Association does not regard this as a stable source of funding for fundamental service such as school facilities. If lottery funds are made accessible to school boards, they should be directed to specific student projects for extra-curricular activities and cultural enhancement, for example school band activities, school trips.

Donations, Foundations and Corporate Contributions to Education

OPSBA suggests that there is room for private sector contributions to education, through school/business partnerships in the development of specific educational program and curriculum.

As well private sector contributions to education capital should be explored to supplement present funding. OPSBA urges the government to reassess its attitude to private sector/education partnerships and remove the policy and legislative impediments in the *Education Act* and the Capital Grant Program which restrict this option. Areas to be explored are:

- developer agreements
- vendor take-back mortgages
- shared school board/private sector facilities
- a school dedication provision under the *Planning Act*

19. OPSBA RECOMMENDS THE FOLLOWING FOR INCREASED FLEXIBILITY AND ACCESS TO ADDITIONAL REVENUES FOR EDUCATION:

- **THAT THE REGULATIONS FOR LOTTERY FUNDING BE AMENDED TO GIVE FUNDING ACCESS TO SCHOOL CULTURAL AND ARTS INITIATIVES.**

- **THAT THE GOVERNMENT AMEND THE LEGISLATION AND CURRENT CAPITAL GRANT PROGRAMS TO PERMIT PRIVATE SECTOR/SCHOOL BOARD PARTNERSHIPS FOR SCHOOL CAPITAL.**

AND,

- **THAT THE GOVERNMENT AMEND THE *ONTARIO PLANNING ACT* TO REQUIRE ALL RESIDENTIAL DEVELOPMENT (SUBDIVISION AND INFILL) TO CONTRIBUTE LAND AND/OR FUNDS TO SCHOOL BOARDS FOR FACILITIES.**

PART II

A NEW EDUCATION GRANT SYSTEM

OPSBA'S COMMENTS TO THE MINISTRY OF EDUCATION

FINANCE REFORM PROJECT

PART II

OPSBA'S PROPOSALS FOR A NEW EDUCATION GRANT SYSTEM

INTRODUCTION

The first half of this report has addressed the issues under review by the Fair Tax Commission, Property Tax Working Group; that is the revenue base for education and how to design a "fair" tax *base* for education. This section concentrates on the second half of the equation, the development of a grant program for the distribution of provincial resources to school boards. As OPSBA supports a significant increase in provincial funding for education with local education policies and programs still funded from the property tax base, the development of a new and "equitable" grant system becomes even more essential.

During the course of the review OPSBA has heard a wide range of opinion and received thoughtful input from the public school boards across this province. The following recommendations to the government are based on this input.

OPSBA'S APPROACH TO EDUCATION FINANCE

The Ontario Public School Boards' Association believes that the new education finance system must be developed on the principles articulated in its first report *A Framework for the Future: Principles for our Education System*. The goals of partnership, local autonomy for flexibility and accountability, equity, and adequacy must be met if the education system is to provide the services needed by our citizens now and in the future.

As stated earlier, a key issue is the design of a finance system that:

- **preserves local autonomy and accountability**
- **promotes equality of educational opportunity, and**
- **ensures equity in local taxation.**

OPSBA has attempted to resolve some of the long-standing education finance issues by designing a finance system which flows from its analysis of the responsibilities of school boards and the province:

- **education grant model(s) based on shared responsibility and funding**
- **local education programs funded from the property tax base**
- **health and social support to education funded by the province**

OPSBA has also concluded that student, school board and taxpayer equity would be improved if:

- **there was an accurate costing and adequate provincial funding of education**
- **there was recognition and clarification of the "mandate" of school boards and what is funded.**

With this as a guide to the task, OPSBA has attempted to put aside some of the past roadblocks. The debate over what should be the appropriate provincial and local share to education will always be there. The discussion on which publicly funded education system is not being "equitably" financed will never be resolved to everyone's satisfaction. The differences of opinion between resource rich and poor school boards should not be the only impetus. It is time to take a different approach.

Steps:

1. an accurate cost analysis of education programs and services being delivered by school boards now.

2. an accurate costing of new policy directions under the Ministry of Education's program restructuring: policy directions for the future, new curriculum directions, integration of special education into the classroom, de-streaming, teacher education, etc.

3. the identification of resources required to provide services to all pupils based on the strategic directions for the education system and including all new government policies.

4. then, jointly developed (provincial/school board) defined levels of service necessary to deliver education in our communities to meet provincial goals and local goals.

5. the development of new models and formula which recognize diversity to be used in grant distribution.

6. impact analysis for the province and school boards on local and provincial taxes and the development of a process for on-going financial analysis and evaluation.

COSTING THE COMPONENTS OF EDUCATION

1. an accurate cost analysis of education programs and services being delivered by school boards now.

20. OPSBA RECOMMENDS THAT THE MINISTRY OF EDUCATION AND SCHOOL BOARDS ALLOCATE RESOURCES TO THE DEVELOPMENT OF A COMPREHENSIVE EDUCATION DATA BASE.

The first step must be a new way to assess the current costs of the system. Government studies have concluded that the per pupil grant ceilings are inadequate and must be addressed. *The Third Report of the Select Committee on Finance*, 1990 stated that

> "one of the major problems has been that what is or what should be included in the recognized expenditure is simply not clear, let alone understood by educators and the general public. -- A key starting point is to identify the essential components of this basic level of education, calculate what these components cost to deliver, determine how these costs and needs vary across the province and put this all together into a realistic and understandable definition of recognized expenditure ceiling."

This was good advice. OPSBA states that the current lack of definition of what is funded in the current system has resulted in a finance system where there is little relationship between grant levels and actual costs of delivery. There has not been a data base in place which would make it possible to assess provincial policy decisions and their impact on the local taxpayer. The first step must be the development of a more comprehensive financial data base to enable assessment of the true costs of education.

The Association is aware that the Ministry of Education's Finance Reform Project is in the process of doing just this. OPSBA supports this initiative as being essential for the development of an accurate assessment of the provincial and local contributions to the costs of delivery of specific education programs and services. It is essential for any future education grant system that is founded on the accurate development of the "defined" or "core" level of education service.

The data base must provide information on components of education/instructional programs, human resources, capital, transportation, and other special programs and initiatives.

Not only is the data base essential for an accurate costing of the "defined level of service" for funding purposes, it will be essential for the on-going evaluation and accuracy of the grant models.

2. an accurate costing of new policy directions under the Ministry of Education's program restructuring: policy directions for the future, new curriculum, integration of special education, de-streaming, teacher education etc.

21. OPSBA URGES THE MINISTRY OF EDUCATION TO MERGE ITS PROGRAM RESTRUCTURING AND FINANCE RESTRUCTURING TO ENSURE DESIRED PROGRAM OUTCOMES.

AS WELL OPSBA STATES THAT IMPACT OF PROGRAM RESTRUCTURING MUST BE INCLUDED IN THE FINANCE REFORM'S DATA COLLECTION AND ANALYSIS.

The June 15, 1992 press release of the Minister of Education speaks to the education program reform. Tony Silipo stated, "This summer a comprehensive education policy framework will be developed setting the basis for future changes in our education system." There are in fact a variety of program changes in process: the development of a comprehensive education policy statement, the development of "core" curriculum, program changes for the "specialization years" (grades 11 to OAC), the integration of special education into the community classroom, to name but a few. None of these appear to be connected in any formal way at the Ministry of Education to its Education Finance Reform Project and the development of a new funding model.

OPSBA does not dispute the need for education program reform. However the Association does have concerns that the discussions regarding program appears to be isolated from the development of funding! This is a continuation of the status quo and the root of the problem with the current funding model. It does not seem logical to develop a funding model for education that does not take into consideration any of the financial implications of the integration of special education into the classroom. It does not seem logical to develop a funding model that does not include an accurate resource component for technological education. The end result is the development of a model that is not applicable to program goals and expectations.

OPSBA believes that if the "restructuring" of education program is to be taken seriously and be achievable for school boards then the education policy review must work in tandem with the education finance review.

DEFINING THE LEVEL OF SERVICE

3. development of the definition of resources required, and jointly developed (provincial/school board) defined levels of service necessary to deliver education in our communities and meet provincial goals and local goals.

6. impact analysis for the province and school boards on local and provincial taxes and the development of a process for on-going financial analysis and evaluation.

22. OPSBA RECOMMENDS THAT THERE BE A JOINT SCHOOL BOARD/MINISTRY PROCESS FOR THE ASSESSMENT OF EDUCATION COSTS AND DEFINITION OF SERVICE LEVELS.

OPSBA URGES THE MINISTRY TO IMMEDIATELY ESTABLISH A JOINT PROVINCIAL-SCHOOL BOARD FINANCE ASSESSMENT COMMITTEE WITH THE FOLLOWING MANDATE:

- **ANALYZE AND ASSESS EDUCATION DELIVERY COSTS, PROVINCIAL AND LOCAL**
- **RECOMMEND THE DEFINED LEVEL OF SERVICE AND PROJECTED FUNDING LEVELS REQUIRED**
- **REVIEW ON AN ON-GOING BASIS THE IMPACT OF GRANTS AND DISTRIBUTION FORMULA TO ASSESS ACHIEVEMENT OF GOALS.**
- **ASSESS THE FINANCIAL IMPACT OF NEW PROGRAMS AND POLICIES ON THE PROVINCIAL AND LOCAL TAX BASES**

OPSBA's report, *The Future Responsibilities of our Education System* stated that a common, but not necessarily uniform education experience must be available to all. The Association has recommended a "common" education program, accessible province-wide with defined outcomes and with measures of student achievement and clear school board accountability. This "defined" level of education program must be available to all and therefore must become the principle component of a new education grant.

The question that must be addressed is how will the level of service be defined for funding purposes? What activities must be included to ensure the accuracy and adequacy of this new grant? This must be a joint exercise of the province and school boards. Therefore, we have recommended a permanent provincial school board Finance Assessment Committee, with balanced representation from public, separate and french-language boards.

The following is the Association's consensus on what must be accurately costed to ensure that the basic education grant accurately reflect program delivery. *It is not a funding model, but an assessment of costs model.*

ASSESSMENT OF COSTS

for EDUCATION INSTRUCTION

- the calculation of costs include:
  - . administration and support service
  - . instruction: Kindergarten
  - . instruction: grades 1 - 6
  - . instruction: grades 7-10
  - . instruction: grades 11 - OAC
  - . language instruction: ESL/FSL
  - . adult education: secondary credits
  - . plant operation and maintenance

for CAPITAL

- the calculation of costs to include:
  - . new construction
  - . renovations
  - . renovations for provincial regulations, Fire and Building codes, environmental regulations, handicapped accessibility, etc.
  - . furniture and equipment
  - . specialized furniture and equipment for special education, technological education
  - . computers for instruction and non-instructional purposes

for SPECIAL EDUCATION INSTRUCTION

- the calculation of costs include:
  - . administration
  - . instruction
  - . human resources

  (capital and social and health support is funded under separate programs)

for TRANSPORTATION

. the calculation of costs to include transportation for pupils in all programs including regular, special education, second-language and extra-curricular activities.

A brief description clarifies the terms.

Administration and support service: Includes the costs associated with educational and support administration, personnel, community relations, instructional support such as curriculum development and professional development. It also includes a component for legislated management practices such as mandatory waste audits and waste reduction planning, employment equity programs, occupational health and safety requirements, etc.

Instruction: OPSBA proposes that there are components with differential costs of delivery: Kindergarten, grades 1-6, grades 7-10 and grades 11-OAC, ESL/FSL instruction, and "adult" courses. The costs in delivery of these sections of education programming vary according to personnel, learning resources, school administration, curriculum development, student counselling, and other components.

For example:

Kindergarten: OPSBA has stated that there must be local flexibility in program delivery. There are unique costs associated with the learning environment of young children. Kindergarten programs should have the option of utilizing personnel other than teaching personnel.

Life-long Learning: Secondary course for adults must be the responsibility of the school board. There may a cost differential in delivery due to personnel, learning resources, etc.

Instruction, primary to OAC, should be differentiated to ensure that new policy directions are fully analyzed and included in the funding model.

Capital: This component is the assessment of capital and related costs essential to education. It deals with the costs of new buildings and of renovation and up-grading of school facilities. The costing must also include any differences in capital expenditures for "multi-use" buildings, such as school board costs for common areas in new facilities that also contain a school, day care centre, public library, recreation facility, etc. The assessment of expenditures must also include major equipment, instructional and non-instructional.

OPSBA has not included capital costs for child care centres in this model, as it is the Association's position that the child care funding should be removed from the education capital grant program and consolidated with the existing Capital Day Nurseries grant of the Ministry of Community and Social Services (refer to the OPSBA recommendation under "A New Capital Grant Program").

Plant operation and maintenance: This component should include costs for maintenance of buildings, vehicles, equipment, etc.

Special education: Special education costing for grant purposes would include the instructional component only. OPSBA has stated that the health and social support to special education is a provincial responsibility and must be funded by the appropriate ministries through separate grant programs. The instructional component of special education must be assessed in terms of personnel, specialized learning resources, specialized equipment, etc.

This identification of components is not all inclusive, but provides an overview only. It is essential if there is to be an accurate funding model founded on the reality of the classroom.

The Association is recommending provincial-local funding for this defined level of service. The province has a vested interest in the assessment of delivery costs, but so too do school boards. If the identification of resources and the subsequent definition of the level of service to be funded is not accurate then the status quo continues, with higher portions of school finance funded from the property tax. The principles of equity and adequacy are not achieved. For this reason OPSBA is suggesting that assessment of costs and the development of the "defined level of service" for funding (formerly the grant "ceiling") must be a joint exercise.

The assessment of the costs of the components of education and a clear definition of the level of education service ("core" education) are essential for another reason. It may reveal that we cannot afford new policy directions. Does the public want to pay more to achieve the new education program "restructuring"?

If the dollars are not available, OPSBA strongly states that the education agenda must be adjusted accordingly.

23. OPSBA STRONGLY STATES THAT THE EDUCATION AGENDA MUST FIT THE AVAILABILITY OF PROVINCIAL AND LOCAL FUNDS. IF IN THE "COSTING" OF EDUCATION IT BECOMES APPARENT THAT AVAILABLE RESOURCES CANNOT FUND CURRENT AND NEW SERVICE, THEN THE EDUCATION POLICY AGENDA MUST BE ADJUSTED ACCORDINGLY.

THE NEW EDUCATION FUNDING SYSTEM

The Ontario Public School Boards' Association believes that there is no one solution to education finance. So far in this report and others, OPSBA has identified a series of strategies:

- a clarification of the responsibilities of school boards and of the province within the education partnership
- a continuation of the education partnership and the dual funding base of provincial grants and property tax
- commitment and an increase in the provincial share of education, from provincial revenues
- cooperative service delivery amongst school boards and some consolidation of school board governance
- property assessment reform to achieve a common and consistent local tax base for future resource equalization purposes
- a review of the current equalization factors as a measure of school board ability to finance
- the identification of resources required to deliver education programs and services, an accurate costing of these resources to reflect local and provincial tax contributions
- the development of a cost assessment model to adequately fund education and achieve its objectives.

The next step that must be taken is a restructuring of the existing grant system to meet new goals and objectives.

This grant system must have:

- a new structure, and
- a new distribution formula.

Who Funds What?

OPSBA believes that finance must reflect government responsibilities. They must match.

OPSBA has stated that education (instruction) is a shared provincial-local responsibility and must continue to be funded from provincial and local revenues. The contributions of each must reflect political accountability and decision-making. The provincial government must fund its legislative requirements and local school boards must continue to finance their local policy decisions from the locally controlled tax base.

Based on the identification of school board/provincial relationships as in the OPSBA report on the future responsibilities of education, OPSBA has concluded the there must be a comprehensive **system** of grant support from the Ministry of Education **and other ministries**. This education **system** includes all shared, local and provincial responsibilities. (In some areas, school boards may opt to be delivery agents for provincially funded programs such as employment and skills training, or child care).

TABLE IV - OPSBA's Proposed Education Funding System illustrates the components and their funding structure.

Education instruction:	an unconditional block grant funded from provincial and local taxes
Transportation:	a conditional grant funded from provincial and local taxes
Special education:	a conditional grant funded from provincial and local taxes
Capital:	a unconditional block grant funded from provincial and local taxes
Health and social services:	conditional grants fully funded by the province
Ontario Training & Adjustment Board:	employment/skills training fully funded by the province
Other Ministry:	conditional grants funded by the province i.e. incentive funding, driver education (Ministry of Transportation) Heritage language instruction (Ministry of Culture and Communications)

A NEW EDUCATION UNCONDITIONAL BLOCK GRANT

A New Grant Structure

There are a variety of options now under review such as program funding, foundation funding, flat grants, matching grants, resource-cost grants, to name a few. OPSBA supports unconditional funding for education.

The terms must be clarified.

Unconditional block funding is the transfer of provincial funds to local school boards, leaving the expenditure of such funds to the discretion of the local school board, within its prescribed mandate. It is an all-encompassing grant for education, received as a cheque from the government. School boards through their budgeting processes determine allocations.

Conditional funding is the transfer of provincial funds to local school boards, which require the local board to meet certain prescribed conditions in the allocation of the resources. The funding is tied to a specific program.

Unconditional funding supports local decision-making in education. It enables local school boards to establish priorities and respond to community expectations, within the broad parameters established by the province. If distributed through an equitable formula, a block unconditional grant allows local governments to develop educational programs for students that are not necessarily the same but comparable to those in other school boards. Unconditional funding promotes local creativity and innovation. It facilitates de-centralized policy decision-making. In essence OPSBA states that unconditional block funding is essential to the quality of education in this province.

24. OPSBA RECOMMENDS A NEW EDUCATION UNCONDITIONAL BLOCK GRANT BASED ON ACTUAL DELIVERY COSTS, "PROGRAM-COSTED" FOR:

- **SCHOOL BOARD ADMINISTRATION AND SUPPORT SERVICES**
- **PLANT OPERATION AND MAINTENANCE**
- **INSTRUCTION: KINDERGARTEN TO OAC, FOR ALL REGARDLESS OF AGE**
- **LANGUAGE INSTRUCTION (ESL/FSL)**

TABLE IV: OPSBA'S PROPOSED EDUCATION FUNDING SYSTEM

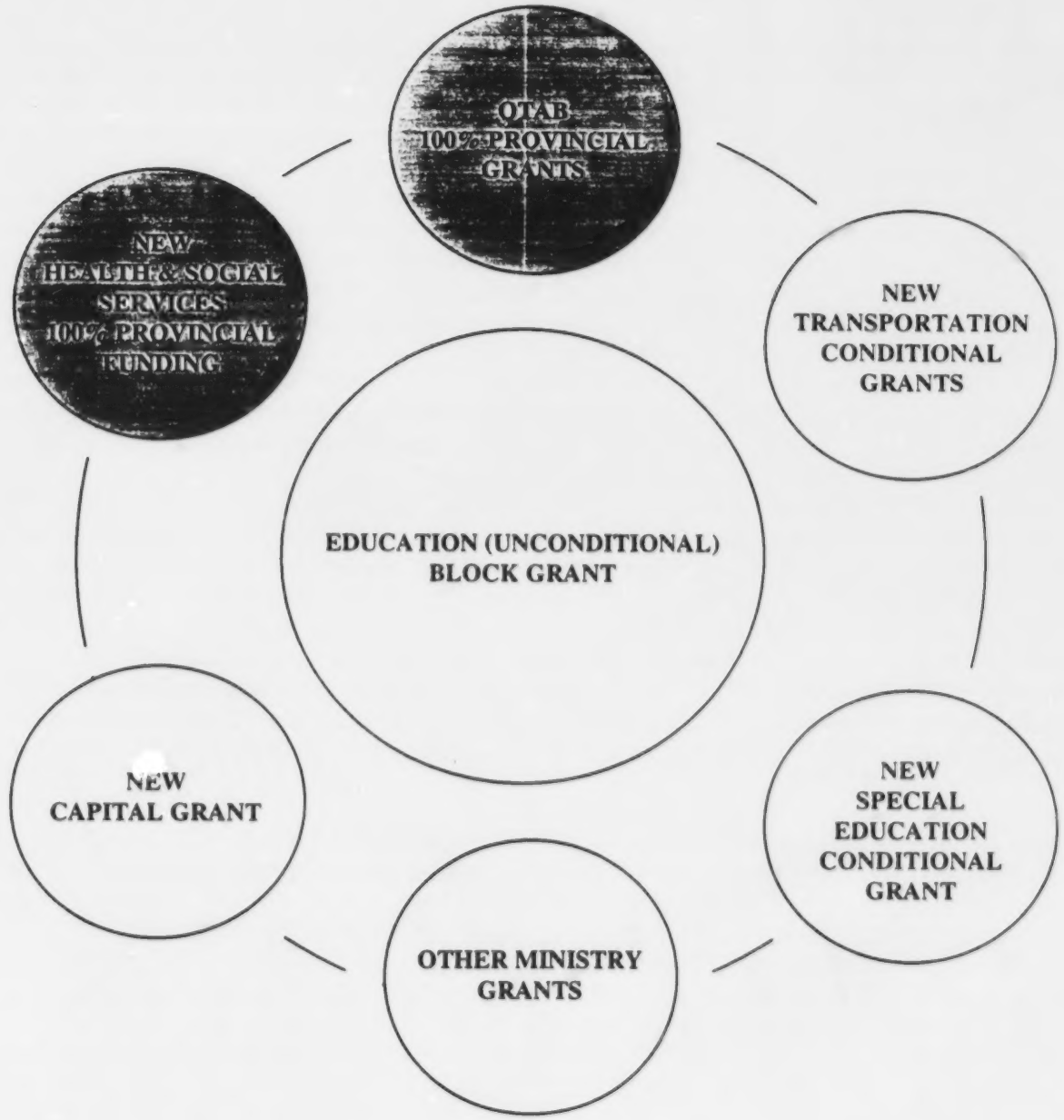
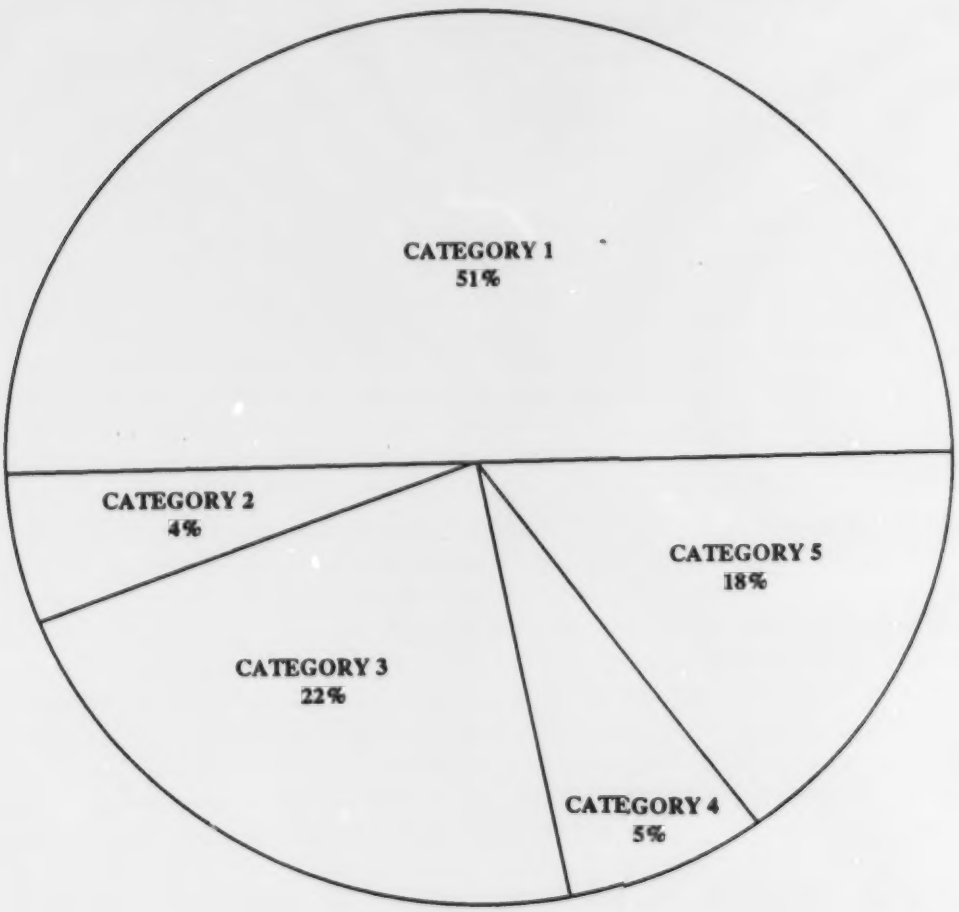


TABLE V: THE CURRENT EDUCATION FUNDING MODEL, 1992 *

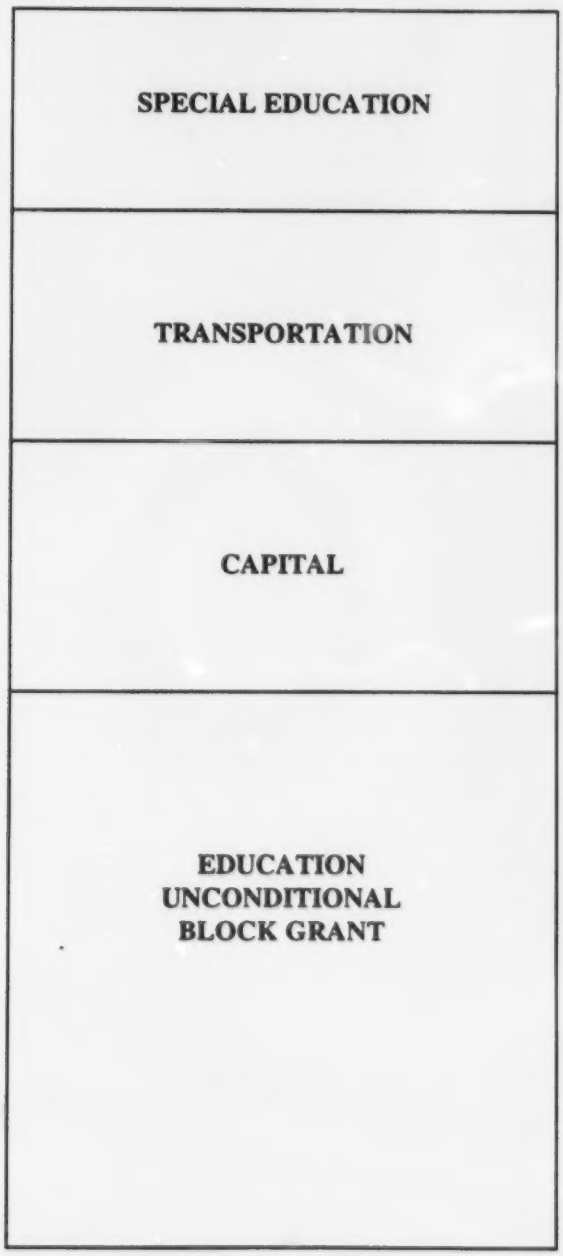
PROVINCIAL FUNDING FOR EDUCATION = $6,346.7 M

CATEGORY 1:	**BASIC PER PUPIL GRANT**	**$3,232.8 M**
CATEGORY 2:	**BOARD-SPECIFIC GRANT**	**$ 227.4 M**
CATEGORY 3:	**PROGRAM-SPECIFIC GRANT**	**$1,436.3 M**
CATEGORY 4:	**CAPITAL GRANT**	**$ 332.0 M**
CATEGORY 5:	**ADDITIONAL SUPPORT**	**$1,118.2 M**



*** FROM:** ***TOWARD EDUCATION FINANCE REFORM: A DESCRIPTION OF THE PRESENT EDUCATION MODEL*, MINISTRY OF EDUCATION**

TABLE VI: OPSBA'S PROPOSED EDUCATION FUNDING MODEL



The new education unconditional block grant would consolidate most of the following components of the present General Legislative Grant Program into one large operating grant:

Category 1 grants:	per pupil grant (with the exception of special education)
Category 2:	Board specific grants such as French as a first language, small schools grant, sm. boards grant, sm. sections grant, goods and services grant, compensatory ed. grant, declining enrolment grant, etc.
Category 3 program grants:	such as ESL (additional lang.) FSL, Native second language, grants for full-day kindergarten, grants for class size reduction, grant for textbooks, grant for technological education, etc.
Category 5:	other grants **with the exception of the provincial contribution to teacher pension payments and other direct services for school boards.**

OPSBA states that the province must continue to manage and fund the teacher pension plan. As well, alter support services such as assistance for consultants, the Education Computing Network of Ontario (ECNO) and copyright license are excluded from this proposal.

> **A complete listing of the grants under the General Legislative Grant Programs is contained in Appendix A.**

The Association does recognize that the new education grant must address differences in school board structures, geography, population density, and special students needs that the above programs were originally intended to address. However the current practice of distributing $21 million in a small board grant to address all the needs of such boards is inadequate. The $88 million in the compensatory grant does little to adequately fund all the school boards who have a high proportion of "socially disadvantaged" students.

OPSBA is recommending that the dollars from all the above programs be rolled into one new education block grant and more effectively distributed through a formula which recognizes this diversity (refer to OPSBA comments under a new funding formula).

OPSBA proposes that all education instruction be funded through one block grant with the exception of special education. Transportation would also remain a separate grant. The block grant would not fund health and social support to education.

The grant level would be costed as per OPSBA's recommendations regarding the assessment of costs of the components of our education system. The size of the grant would reflect the differential costs of delivery: kindergarten, primary, grades 7-10 and grades 11 - OAC, language instruction and adult secondary courses. **OPSBA is not recommending program funding, but program costing, to establish the amount of money required in the grant program to adequately fund education.**

The new unconditional block grant would also fund administration, personnel, community relations, instructional support such as curriculum development, and professional development. It also includes a component for legislated management practices such as mandatory waste audits and waste reduction planning, employment equity programs, occupational health and safety requirements, etc. The education block grant must also include funding for maintenance of buildings, vehicles, and equipment.

Political accountability is achieved through a clear definition of the roles of the province and the locally elected school boards for the delivery of service and accountability to their respective constituents. As well, school board and provincial accountability for an unconditional block grant can be achieved through the financial reporting and auditing functions of both levels of government.

The New Distribution Formula

25. OPSBA RECOMMENDS A DISTRIBUTION FORMULA FOR THE EDUCATION UNCONDITIONAL BLOCK GRANT WITH THESE STEPS:

- **FIRST, SCHOOL BOARD "NEEDS ASSESSMENT" BASED ON WEIGHTED CHARACTERISTICS, THEN**
- **ENROLMENT (PER PUPIL)**
- **ASSESSMENT.**

THE FORMULA WOULD BE DEVELOPED BY A JOINT SCHOOL BOARD/PROVINCIAL CONSULTATION PROCESS.

OPSBA recommends that the funds in the education unconditional block grant be distributed in a different way. The current basic per pupil grant is the amount paid by the province to a school board to provide the base level of education, and represents the difference of what cannot be raised from property taxes. The three components of this calculation are now: available provincial dollars, enrolment, and assessment. OPSBA suggests that individual school boards "needs" to reflect diversity in circumstances, must be part of the calculation.

A individual school board "needs assessment" approach must be the first step. Then the factors of enrolment and the value of equalized assessment of all property in the community must be factored in to arrive at the rate of provincial grant.

The "Needs Assessment" Approach

The government now attempts to fund the base level of service and addresses variances in geography, demographics, and socio-economic conditions through specific program grants such as a small board grant, a goods and services grant, compensatory education grant, etc. OPSBA suggests that factors such as geography, population density, cost of goods and services, distance from urban centres, demographics such as percentage of new Canadians, diversity of student population, and socio-economic conditions very much affect the local cost of delivery. All of these factors must be addressed more comprehensively. Instead of many specific programs, there must be weighted factors for "diversity" to determine individual school board needs. This assessment of needs based on the following weighted factors or characteristics would be done annually on a case by case basis in the yearly grant calculations.

OPSBA recommends the **joint development of weighted factors for the following characteristics which affect cost of delivery**:

For example:

- the average level of spending required to deliver education in the community
- historical spending patterns
- student population needs such as cultural diversity or socio-economic background
- incidence of high cost programs i.e. ESL, special education
- student density
- population density
- regional costs of goods and services (an index)
- distance from urban centres
- enrolment changes

Delivery costs vary. A distribution formula must first take into consideration individual school board "needs" based on the above weighted factors. Then the calculation of provincial grant support based on enrolment and assessment is applied.

Resource Equalization

The value of equalized assessment of all property in each school board jurisdiction is the value that determines the amount of money that can be raised by property taxes. Earlier in this report OPSBA recommended implementation of assessment reform. Many of the inconsistencies and inequities of the current assessment system and its equalization factors would be resolved if this recommendation was implemented as a first step to local government grant reform.

As OPSBA has recommended a dual funding base for education, property tax and provincial grants, equalization through this large operating grant will be essential. OPSBA recommends that until there has been comprehensive research on a new measure of local ability to pay and its impact on local finance, the value of local assessment must continue to function as the measure of local school boards ability to fund education.

Enrolment and the Definition of Student

26. OPSBA RECOMMENDS THAT EDUCATION GRANT DOLLARS BE DISTRIBUTED TO SCHOOL BOARDS ON A PER PUPIL BASIS, WITH A NEW DEFINITION OF PUPIL.

Our current grant system provides support to school boards on a per pupil basis. The definition of a pupil is determined by the province. The Ministry of Education now defines a full time student as one receiving 151 minutes or more of instruction per day, between the hours of 8 am and 5 pm. A part-time student is one enrolled for less than 150 minutes during the day. Consequently many school boards educate students and incur costs that are not included in the grant calculation of student population.

In its earlier report on school board responsibilities OPSBA stated that public school boards are responsible for providing education to all students, regardless of the number of credits, hours of instruction, or time of day of instruction. The current methodology of "counting" students for enrolment and grant purposes would not support this.

OPSBA has also stated in its report on the responsibilities of the education system that local school boards are responsible for the delivery of education for all, regardless of age and this must be recognized in the new funding model. Citizens have a right to education, regardless of age, number of credits taken, or number of years of attendance. This statement supports the stated goals of this government regarding "life-long learning."

If the government is serious about its statements on "life-long learning" and economic restructuring then it is apparent that current practice or proposals to define pupils in terms of hours of instruction, number of credits, time of day of instruction, will not suffice. The definition of a student must be changed.

OPSBA has reviewed many alternatives, some currently in use in other jurisdictions and provinces, such as funding distributed on the basis of average resources per average classroom. The association has concluded however that the best way to distribute funds to school boards is still per pupil.

OPSBA's recommendation for education grant distribution based on a per pupil basis is predicated on:

- a new definition of pupil to include all school boards clients regardless of number of credits, time of day of instruction or time of year of instruction
- the adoption by the government of OPSBA's previous recommendations regarding the assessment of costs. A joint process for the assessment of costs and the development of the defined level of service is necessary to ensure adequate funding, collectively and individually
- the enactment by the government of the "needs assessment" approach in the OPSBA's proposed distribution formula.

If programs are accurately "costed" to determine an adequate level of support to meet education goals, and if individual school board cost factors are included in a new distribution formula, then funding on a per pupil basis will equitably and adequately distribute resources to school boards.

To sum up:

27. OPSBA RECOMMENDS A NEW EDUCATION UNCONDITIONAL BLOCK GRANT WITH THE FOLLOWING COMPONENTS:

- **BASED ON ACCURATE COSTING AND A JOINTLY DEVELOPED DEFINED LEVEL OF SERVICE**
- **BASED ON AN ACCURATE AND ADEQUATE LEVEL OF SUPPORT TO ACHIEVE CLEAR OBJECTIVES**
- **DISTRIBUTED THROUGH A NEW FORMULA:**

1. **A NEEDS ASSESSMENT BASED ON SCHOOL BOARD CHARACTERISTICS**
2. **NUMBER OF PUPILS WITH A NEW DEFINITION OF PUPIL**
3. **MORE ACCURATE EQUALIZATION FACTORS, RESULTING FROM ASSESSMENT REFORM**

A TRANSPORTATION CONDITIONAL GRANT

The *Education Act* states that school boards may provide transportation to and from the school that the pupil attends or to other schools if programs are attended at that site. The present transportation grant program provides financial assistance to school boards to recognize the costs of transporting pupils from home to school or school to school. In 1991 the grant program was changed "to encourage efficiencies in school board transportation practices."

The present grant is based on:

- transportation needs within the board determined by pupil density. A 100 percent grant is calculated on the basis of density.
- additional expenditures of school boards are recognized for grants.

The local share is calculated on the basis of assessment wealth and the difference between the amount raised locally and the total expenditure is the amount recognized for the grant.

Recommendations on transportation funding reform must not be viewed in isolation of OPSBA's previous comments on education governance reform. Earlier OPSBA called for the amalgamation and confederation of school boards on a case by case basis for significant cost-savings through the reduction in duplicate school bus systems. As well larger school boards with larger local tax bases will be able to fund school transportation needs to a greater degree with property tax dollars, freeing up grant dollars for resource poor boards.

In addition, there must be changes to way we fund school transportation.

28. OPSBA STATES THAT TRANSPORTATION FUNDING SHOULD BE BY A CONDITIONAL GRANT PROGRAM WITH A REVISED DISTRIBUTION FORMULA.

The new transportation grant formula must take into consideration all student transportation needs, pupil density, school siting within the jurisdiction, and local ability to pay.

OPSBA has concluded that a transportation grant is an essential component of the total education funding system. Table IV has identified transportation as separate from the unconditional education block grant. Funding should be tied to the provision of school transportation for a variety of reasons. Due to diversity in student density and in school accessibility within school boards, and due to the wide variances in geography across this province, a specific grant program with a formula tailored to address these variances in expenditure and fiscal capacity is necessary. This does not suggest that OPSBA has given blanket endorsement of the existing program. There are many inadequacies that must be addressed in the education finance reform process.

School boards transport students for a variety of reasons:

- program requirements (i.e. language instruction, special education etc.)
- safety (i.e. children who have to cross major highways)
- lack of capital facilities

The historical under-funding of the Capital Grant Program has resulted in more local and provincial dollars allocated to busing. The province has provided approximately $1.5 billion over the past six years for school capital but there is still a large backlog of un-met needs in both new construction and renovation. Transportation costs have increased for school boards who have to bus more pupils for longer distances.

Specialized transportation is a growing problem for school boards and will become even more so as special education comes to the forefront. Issues regarding who is responsible for transporting children to care and treatment facilities and whether these trips are part of the education transportation funding model must be addressed. As well more and more parents are requesting school bus pick-up from child care centres. The "trip" definition for funding of school to home or school to school does not reflect community demands.

Formula/Definitional Changes

Just as the new unconditional education block grant requires a new distribution formula, so too does the new transportation grant program need revisions. The starting point must be a clearer definition of needs and what we are funding.

The new school transportation grant program must recognize:

- student population density
- school sitting within the board's jurisdiction
- special programming needs
- client group for busing (school/home, school/school, and also school/child care centre)
- safety

29. OPSBA RECOMMENDS THAT USER FEES FOR TRANSPORTATION BE EXPLORED.

Earlier under the section on alternative revenues, OPSBA suggested that school busing may be one area for a limited application of user fees. If, for example, a community wished extra service, then some consideration should be given to its financing through a combination of general revenues and user fees. As well, in seeking co-operative delivery methods, school boards should have the option of charging a fee for service for school bus usage for other non-student/client groups.

30. IT IS RECOMMENDED THAT SCHOOL BOARDS AND MUNICIPAL TRANSIT AUTHORITIES INVESTIGATE COOPERATIVE SPECIALIZED TRANSPORTATION SERVICES.

In response to the financial strains on the education system and the mounting public pressure for less duplication, OPSBA recommends that school boards be encouraged through financial incentives to develop alternative transportation delivery models. New and cost-effective ways to bus students that must be explored are:

- joint transportation services of coterminous school boards
- co-operative arrangements with municipalities for providing school transportation to some students (for those areas that have municipal transit systems)
- regional transit authorities for: school busing, municipal transit, handicapped transportation, etc.

School transportation costs are affected by the requirements to bus special education students, not only to schools but to care and treatment facilities. Special education transportation will become more of an issue with the government's directions to integrate all special education students into the community classroom. OPSBA suggests that alternative and more cost-effective transportation models must be explored. For example, co-ordination with municipal specialized transit, in those areas of the province with municipal transit systems, is an obvious alternative.

31. OPSBA RECOMMENDS THAT THE NEW TRANSPORTATION CONDITIONAL GRANT PROVIDE FUNDS TO ISOLATE SCHOOL BOARDS WITHOUT SECONDARY PROGRAMS, FOR STUDENT ASSISTANCE AND TRAVEL COSTS.

The lack of viable secondary schools or program alternatives is a problem for isolate school boards in northern Ontario. To receive secondary education, students have to leave their communities to attend school in other jurisdictions. These students experience financial and social difficulties in being separated at very young age from their families. Consequently, there is a high drop-out rate.

Transportation costs from home to attend school for these student is high, due to distances. OPSBA suggests that the new transportation grant include funds for isolate boards not offering secondary programs, for students who have to travel outside the board jurisdiction. The funding must be a grant to assist such students with travel and expenses.

A SPECIAL EDUCATION CONDITIONAL GRANT (INSTRUCTION)

Special education is currently funded in the per pupil grant of the Ministry of Education's General Legislative Grant Program. The grant at one time was a separate model, but in 1989 was incorporated into the basic per pupil grant. The 1992 special education portion of the basic per pupil grant is $283 for elementary pupils and $210 for secondary pupils.

Analysis of current special education per pupil costs has revealed that actual per pupil costs range from $8,000 to $24,000 per pupil depending on the student and their "exceptionality". The addition of $283 and $210 to the per pupil grant provided by the provincial government does little to address the true costs of delivery. The costs are in fact being assumed by the local tax base with varying abilities to pay.

32. OPSBA RECOMMENDS THAT SPECIAL EDUCATION (INSTRUCTION) BE FUNDED BY A NEW CONDITIONAL GRANT PROGRAM. THE NEW CONDITIONAL SPECIAL EDUCATION GRANT WOULD BE BASED ON:

- **AN ACCURATE ASSESSMENT OF COSTS**
- **A CLEAR DESCRIPTION OF THE DELIVERY MODEL**
- **FUNDED ON A PROGRAM COST-SHARED BASIS, ie. 70 PERCENT PROVINCIAL/30 PERCENT SCHOOL BOARD.**

OPSBA supports unconditional funding for school boards, but in this instance it recommends that special education be funded through a conditional grant program by which school boards would have to provide the program to receive the funding. This will in itself redistribute funding away from those boards who receive the extra per pupil allocation, but do not provide the service. Currently 75.9 percent of all special education students are serviced by public school boards, but the extra allocation is provided to all systems.

Earlier OPSBA stated that additional support to special education must be provided through different programs by the Ministries of Health and Community and Social Services. There must be a package of grant programs for special education:

- a Ministry of Education conditional grant program for instruction
- a public health grant program via the Ministry of Health
- a social support grant program from the Ministry of Community and Social Services.

As well, specialized transportation as highlighted in recommendation 29 must be part of the reform of this program.

The Ministry of Education has stated that all school boards must move towards the "option of integrating into the local community classroom all students with special needs, where in the student's best interests and in accordance with parents choice." There are additional costs associated with this. However, to examine the full cost implications school boards need a clear "costing" of the average delivery model. This has not been yet finalized. It therefore appears that special education as a government policy requires close monitoring. Therefore the program must remain separate from the unconditional education block grant.

Special education is currently a high-cost program. It will remain so under the new rules. The "manner" of integrating special education into the community classroom will be a provincial decision. As this is new mandated initiative, it should be primarily funded by the provincial government. OPSBA recommendation 3 states that:

> "Additional new mandated programs must be provincially and locally costed and additional provincial resources provided for their implementation".

The separate special grant for instruction for exceptional student would ensure that the costs are appropriately shared. The actual costs of delivery would not be hidden. The program and its funding would be more visible not only to school boards but also to parents.

OPSBA states that there must be a new conditional operating grant for special education for operating assistance to all school boards providing special education (instructional) services. The funding would be provided on a per pupil basis as many students would be integrated into the regular classroom. The costs and funding must be identified and separated from the assessment of resources for an average classroom, the model suggested by OPSBA for the education unconditional grant. Accurate per pupil costs must be assessed by learning program and by "exceptionality." The cost-sharing could be, for example:

Provincial:	70 % of per pupil cost
School Board:	30 % of per pupil cost

Assessing the Costs and Level of Service

Under its assessment of costs model, OPSBA has stated that the calculation of costs for special education instruction must include personnel, specialized learning resources, specialized equipment, administration, etc. The costing model must also identify the costs of in-service and consultative support service to teachers and teacher training for an integrated delivery model (refer to the OPSBA model for Assessment of Costs).

Capital costs of an integrated special education program must also be assessed, but funding would be included in a new capital grant program.

OPSBA has stated that the costs of support programs must not be funded by education dollars. Speech and language diagnosis and therapy, psychological counselling, health care, hearing and vision testing, for example, must all be funded by the Ministries of Health and Community and Social Services.

HEALTH AND SOCIAL SERVICES FUNDING TO SCHOOL BOARDS

School boards by necessity have taken on new programs and responsibilities in order to educate. There is a higher percentage of "at risk" students in our education system than in the past, due to increased child poverty. As well health and social support to education is essential if school boards are to take seriously their responsibilities of educating "exceptional" students; those with learning disabilities or the developmentally challenged.

Education requires coordination with other social and health services to reduce duplication or gaps in service. This coordination extends beyond children's services to all students. Adult education and retraining requires community support programs such as child care, welfare assistance, employment support programs.

Community support to education is essential to the quality of the system. However, OPSBA has stated that the government must fund these non-instructional services. Table IV, OPSBA's Proposed Education Funding System illustrates that health and social service programs are a component of the total education finance system although they must be funded by appropriate ministries through their conditional grant programs. Also, existing programs must be adapted and made available to school boards.

Health Services

The Ministry of Health and municipalities currently cost-share public health programs. The Ministry of Health funds local boards of health (under the mandate of municipal government) for approved public health services and core health programs in accordance with the *Health Protection and Promotion Act*. Cost-sharing is on a 75 percent provincial/25 percent municipal basis (except for Metropolitan Toronto where the formula is 60 percent provincial and 40 percent municipal).

The "core" health programs funded are: community sanitation, control of communicable diseases, preventative dentistry, family health, home care, nutrition and public health education. These are mandatory programs that are supposed to be universally accessible across the province. They are not always due to lack of funds.

33. OPSBA RECOMMENDS THAT THE MINISTRY OF HEALTH AND LOCAL BOARDS OF HEALTH FUND HEALTH SUPPORT TO EDUCATION THROUGH THE EXISTING PROVINCIAL - MUNICIPAL COST-SHARING:

- **HEALTH SUPPORT TO SPECIAL EDUCATION STUDENTS**
- **AIDS, DRUG EDUCATION**
- **NUTRITION EDUCATION**
- **VISION/HEARING TESTING, SPEECH THERAPY, ETC.**

34. THE MINISTRY OF HEALTH MUST ADEQUATELY FUND THEIR COMMUNITY HEALTH PROGRAMS TO IMPLEMENT HEALTH GOALS.

OPSBA recommends that the existing board of health grant program, funded at a provincial rate of 75 percent and a municipal rate of 25 percent, be used to provide support to boards of education. For example local boards of health are already responsible for nutrition and public health education. To reduce government duplication, this program could be funded by local boards of health and delivered to the student client group at the school site. Similarly public health boards should fund aids education under the communicable diseases program, and deliver the program to students through their local school boards. The necessary health support programs for special education students must be provided in a similar manner, through existing board of health support programs, but tailored to school and student needs.

School boards and local boards of health must work together to maximize resources. A joint curriculum or program could be developed locally. The program would be funded by the Ministry of Health and local health board, developed for the school system by all three parties: the provincial government, boards of health and boards of education. The board of education would deliver the program in the schools.

OPSBA states that local government, municipalities and school boards must develop a new working relationship to coordinate community health services. The inter-relationships of education, health and social services at the community level must be strengthened to provide better service to our citizens.

Social Services

In the OPSBA discussion guide, *Our Education System, Its Future Responsibilities and Finance* 1991, public school boards identified a range of program involvement beyond the "educative" function of boards of education. Many school boards have had to assume social services such as social work, breakfast and lunch programs, after-school recreation, personal counselling, crisis and suicide prevention and intervention, sex abuse programs, etc.

In the identification of school board responsibilities OPSBA has clearly stated that these are necessary programs in many areas of the province, so necessary that they should be fully funded by the province from its revenues and not by property tax base.

35. OPSBA RECOMMENDS A NEW EDUCATION SUPPORT PROGRAM, FULLY FUNDED BY THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES, TO ASSIST SCHOOL BOARDS.

The need for community and family support programs is becoming increasingly evident. Schools may also be a logical site for these programs. OPSBA states that the Ministry of Community and Social Services must fund school boards and/or community agencies for school social workers, breakfast and lunch programs, personal counselling, crisis intervention and suicide prevention, and sexual abuse prevention programs in our schools.

In position paper #2, the Future Responsibility of Our Education System, OPSBA stated that the issue of which level of government should assume responsibility for our social services framework was under review in a variety of government discussions. The integration of health and social services into one accessible delivery system is a key question. Also of interest to all, is who will pay for this and who will be responsible. OPSBA suggests there is merit in an integrated approach to health and social services. School boards and school trustees must be part of any further consultation.

OTHER SUPPORT TO EDUCATION

OPSBA believes that there are some functions now funded through the current General Legislative Grant program that should be removed from the education funding portfolio and should be funded by other Ministries and other methods.

Heritage Language Grant

36. OPSBA RECOMMENDS THAT THE MINISTRY OF CULTURE AND COMMUNICATIONS AND MINISTRY OF CITIZENSHIP EACH FUND CITIZENSHIP AND HERITAGE LANGUAGE PROGRAMS.

Currently the General Legislative Grant programs provides a special grant of $14.7 million for school boards offering approved classes for heritage language instruction in a language other than English, French, or native languages. The grant is now based on the dollar amount per hour of classroom instruction. As well the citizenship programs are also funded under the continuing education component of the current funding model.

OPSBA believes that school boards should have the ability to continue to offer Heritage Language as part of the enhancement of our multicultural heritage. The Ministry of Culture and Communications promotes cultural expression and preservation. OPSBA recommends that funding for heritage language programs should be more appropriately directed to school boards by this ministry.

37. OPSBA RECOMMENDS THAT THE MINISTRY OF TRANSPORTATION FUND DRIVER EDUCATION.

Part of the current allocation under the continuing education program funds driver education in our schools. The Association supports the continuance of driver education being offered through the education system, however its funding should more appropriately be directed to school boards by the Ministry of Transportation. That Ministry is responsible for driver and vehicle licensing, and also road safety. The program move would improve coordination and compliance with these provincial goals.

A NEW CAPITAL GRANT PROGRAM

The Current Program

The Ministry of Education funds school capital, new construction and renovations from one program, the Capital Grant Program. The allocations are based on school board five-year capital expenditure forecasts, which list their capital needs and their priority in the community. Projects are advance-funded yearly.

The level of provincial support depends on the board's ability to finance from its local tax base. The average provincial rate of support for growth-related projects is 60 percent. This was reduced from 75 percent in 1989. The provincial rate of support for other capital projects such as renovations is 75 percent. The government also provides capital costs of child care centres in new construction at a rate of 100 percent of approved costs. The funding is not in fact 100 percent as there are many child care centre associated costs that the government does not include in its list of "approved" expenditures.

OPSBA in past reports has identified problems with the current grant program, and at this stage will not elaborate. It is sufficient to say that the existing program requires an overhaul.

Although not specifically identified, OPSBA in this report has in fact developed a series of strategies to address the inadequacies of the current capital funding program.

Strategies:

- OPSBA has stated that the government must reassess its priorities and allocate more support to the education system. This includes more financial support to school capital.

- The Association has stated that local resources could be maximized by the amalgamation and confederation of school boards. This would maximize the use of existing facilities.

- OPSBA has stated that there must be alternative revenues available for school capital. The government must amend the *Planning Act* to require all new residential development and infill to contribute either land or funds to school boards for facilities. The government must amend the *Education Act* to enable school boards to enter into private sector/school board partnerships for school capital.

- OPSBA has recommended a model for the assessment of costs which has included capital. We have stated that the assessment of costs and level of service must be developed jointly, school board and province.

The next step is the development of a new capital funding model.

A Capital Block Grant

38. OPSBA RECOMMENDS A NEW CAPITAL BLOCK GRANT PROGRAM FOR NEW CONSTRUCTION AND LAND, RENOVATIONS, AND EQUIPMENT.

A new capital grant program must be designed to:

- achieve administrative efficiencies and cost-savings. There must be less Ministry of Education red-tape and more local decision-making.
- provide a clear and acceptable provincial allocation process
- provide for local flexibility and innovation

Therefore OPSBA recommends that the new capital grant program be a block grant. The funding would be provided to the school board (not the site) and school boards through their local facility planning and their budgeting processes would determine the local allocations. There would be broad provincial guidelines which the school board must meet in terms of accessibility of schools, compliance with provincial Building and Fire codes and other regulations, local planning by-laws, etc. However the decisions regarding priorities would be made at the local level. This would provide maximum flexibility and efficiency, and reduce administrative costs.

The new capital block grant would provide provincial support for new buildings, renovations, and major equipment. As indicated in the proposed OPSBA assessment of costs model, the level of support to the grant program itself must include:

- new construction and the cost of land (less land dedications and private sector contributions)
- renovations
- compliance with Building Code, Fire Code and environmental regulations
- major furniture and equipment
- specialized furniture and equipment for special education
- equipment for technological education
- computer equipment for instruction and non-instruction.

This does not suggest that the new block grant would have separately funded components. The costing model is needed to assess the level of funds needed in the program. Once the level is determined the financial support would be transferred to school boards for school board decision-making in accordance with provincial and local goals.

39. OPSBA RECOMMENDS THAT THE NEW CAPITAL BLOCK GRANT NOT FUND CHILD CARE CAPITAL. THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES MUST FULLY FUND CHILD CARE CAPITAL FACILITIES IN SCHOOLS.

To rationalize the capital funding for child care OPSBA recommends that the Ministry of Community and Social Services fund child care capital in schools through the Day Nurseries Capital grant program, at the current "education" rate of 100 percent of approved costs. OPSBA has stated that child care is a provincial responsibility, and this includes child care capital. As well it is logical that there be one consistent capital program through the responsible ministry, the Ministry of Community and Social Services.

40. OPSBA RECOMMENDS THAT THE BLOCK CAPITAL GRANT PROGRAM BE DISTRIBUTED ON THE BASIS OF:

- **NEEDS DETERMINATION**
- **ENROLMENT (NUMBER OF PUPILS & CLASSROOM TYPE)**
- **ASSESSMENT**

The same formula for the proposed unconditional education block grant for operating support should be used in distributing capital funds. First, school boards individual "needs" based on weighted factors for characteristics which affect cost delivery must be determined. These factors were identified as average level of spending (capital), student population needs, student density, cost of goods and services in the region, etc. Likely the key factors in determining needs will be classrooms/enrolment, student demographics, programming, and the costs of good and services.

Funding is now allocated on the basis of pupil loading or "rated capacity", that is average classroom size. OPSBA recommends that classroom size continue to be factored into the distribution formula, however it should be an accurate measurement of classroom size as determined by the costing model. An average classroom size for each instructional component has been suggested, not just one overall figure. School boards would identify the number of classrooms per program area. An average would be developed for capital funding purposes. This would also ensure that the capital costs of program improvements are considered prior to policy decision-making.

OPSBA states that the value of local assessment would also determine the rate of provincial support to capital funding. After the needs assessment factors are calculated, the formula would be based on number of classrooms and assessment.

Planning

41. OPSBA RECOMMENDS THAT ALL SCHOOL BOARDS BE REQUIRED TO DEVELOP LONG RANGE CAPITAL PLANS TO COMPLEMENT THE NEW CAPITAL BLOCK GRANT.

OPSBA suggest that if capital funding is block funding with decentralized decision-making to local school boards, then there must be a more formalized and comprehensive facility planning process at the board level. School boards must develop a school facility master plan. The local board would develop a long range capital plan, 5 and 10 year, through public consultation. The plan would be submitted to the Ministry of Education. The Ministry would review and approve the plan to ensure local needs were being addressed in the context of broad provincial goals. This would ensure that allocations would be provided to school boards in the block grant, based on projections and plans prepared by the boards.

CONCLUSION

The recommendations of this position paper represents the consensus of some 96 public school boards, large and small, urban and rural, from across the province. Position Paper's #1 on the principles of our education system, #2 on the responsibilities of school boards and this one on its finance, each complement one another. OPSBA's Proposal for a New Education Funding System have been developed on these key principles:

- the universality of public education
- partnership
- local autonomy for responsiveness to our communities
- equity: student, school board and tax payer
- accountability
- adequacy

On behalf of public education and all served by our education system, OPSBA presents these proposals to the Government of Ontario.

MEMBER BOARDS (BY REGION)

NORTHERN REGION
(CONTAINS FIVE SUB-REGIONS)

Airy & Sabine District School Area Board
Asquith-Garvey District School Area Board
Atikokan Board of Education
Caramat District School Area Board
Central Algoma Board of Education
Chapleau Board of Education
Cochrane-Iroquois Falls, Black River-Matheson Board of Education
Connell and Ponsford District School Area Board
Dryden Board of Education
East Parry Sound Board of Education
Espanola Board of Education
Foleyet District School Area Board
Fort Frances-Rainy River Board of Education
Geraldton Board of Education
Hearst Board of Education
Hornepayne Board of Education
James Bay Lowlands Secondary School Board
Kapuskasing Board of Education
Kenora Board of Education
Kilkenny District School Area Board
Kirkland Lake Board of Education
Lake Superior Board of Education
Lakehead Board of Education
Manitoulin Board of Education
Michipicoten Board of Education
Mine Centre District School Area Board
Moose Factory Island District School Area Board
Moosonee District School Area Board
Muskoka Board of Education
Nakina District School Area Board
Nipigon-Red Rock Board of Education
Nipissing Board of Education
North Shore Board of Education
Northern District School Area Board
Red Lake Board of Education
Sault Ste. Marie Board of Education
Sudbury Board of Education
Timiskaming Board of Education
Timmins Board of Education
Umfreville District School Area Board
Upsala District School Area Board
West Parry Sound Board of Education

EASTERN

Carleton Board of Education
Le Conseil scolaire de langue francaise d'Ottawa-Carleton (publique)
Frontenac County Board of Education
Hastings County Board of Education
Lanark County Board of Education
Leeds & Grenville County Board of Education
Lennox & Addington County Board of Education
Prescott & Russell County Board of Education
Prince Edward County Board of Education
Renfrew County Board of Education
Stormont, Dundas & Glengarry County Board of Education

CENTRAL EAST

Durham Board of Education
East York Board of Education
Haliburton County Board of Education
Metro Toronto School Board
North York Board of Education
Northumberland & Newcastle Board of Education
Ottawa Board of Education
Peterborough County Board of Education
Scarborough Board of Education
Victoria County Board of Education

SOUTHERN

Brant County Board of Education
Haldimand Board of Education
Lincoln County Board of Education
Niagara South Board of Education
Norfolk Board of Education
Waterloo County Board of Education
Wellington County Board of Education
Wentworth County Board of Education

CENTRAL WEST

Le Conseil des ecoles francaises de la communaute urbaine de Toronto
Dufferin County Board of Education
Etobicoke Board of Education
Halton Board of Education
Peel Board of Education
Simcoe County Board of Education
Toronto Board of Education
York Region Board of Education

WESTERN

Bruce County Board of Education
Elgin County Board of Education
Essex County Board of Education
Grey County Board of Education
Huron County Board of Education
Kent County Board of Education
Lambton County Board of Education
London Board of Education
Middlesex County Board of Education
Oxford County Board of Education
Perth County Board of Education
Windsor Board of Education

ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION